Egypt ... £E2.25 | Lebanon ... $L125.00 | Switzerland SFr2.20
Finland ... Fmk7.00 | Luxembourg ... LFr48 | Taiwan ... NT$65
France ... FFr6.50 | Malaysia ... Rin4.25 | Thailand ... Bht50
Germany ... DM2.20 | Mexico ... Pes300 | Tunisia ... Din0.800
Greece ... Dr100 | Morocco ... Dh6.00 | Turkey ... L500
Hong Kong ... HK$12 | Netherlands ... Fl3.00 | UAE ... Dh6.50
India ... Rup15 | Norway ... Nkr8.00 | USA ... $1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,357 Thursday October 8 1987 D 8523 A

Mexico: stampede to hail the 'born leader,' Page 4

World News

Violence threatens Sri Lanka peace pact

The Sri Lankan peace accord appeared closer to collapse as India ordered its troops to use force in a desperate attempt to restore peace and order in the north and east. Tamil separatist guerrillas murdered nearly 160 people in 24 hours.

Sri Lanka said at least 10,000 Sinhalese had fled from the eastern province following the worst violence since the July 29 peace pact with India. Page 29

Coal job losses

Up to 30,000 West German coal miners look likely to lose their jobs over the next few years as a result of sharply falling hard coal sales and a government plan to cut subsidies. Page 29

Radio stations closed

Three Manila radio stations were closed down following a warning from Gen Fidel Ramos, the armed forces chief that the Philippine government will face a new coup attempt codenamed Rambo within a month. Page 2

Saudi tanker attacked

Iranian gunboats fired grenades and rockets at a Saudi-bunker fuel tanker just four miles off the emirate of Ajman, in the closest-ever Iranian attack to the Arab side ofthe Gulf. Page 3

Nuclear disaster

Foreign experts on radiation contamination flew into Brazil after an urgent government appeal for international aid following a leakage of highly toxic Caesium-137. Page 4

Fiji council

Col. Sitiveni Rabuka named a 19-member council of ministers to govern the newly-declared republic pending a new constitution. Australia and New Zealand, the two major powers in the region, both refused to recognise the new regime Page 3.

Managua ceasefire

Nicaragua was set to implement its 30-day unilateral cease-fire after the government began pullling troops out of war zones in the north. President Daniel Ortega said his government would transfer power to an elected opposition in 1990 if the Nicaraguan people wished. Page 4

Anti-Apartheid talks

Organisers said white South African liberals and black nationalists were to meet again in Burkina Faso to review progress since the Dakar talks on ending apartheid.

Sikh leader shot

Gurdev Singh Usmanwala, a top Sikh militant leader was shot dead in an encounter with security forces in Jullundur district. Punjab state, India police said.

Iran arms probe

The Austrian authorities placed under investigation the assistant general director of Voest-Alpine, the steel and engineering group, for allegedly selling arms to Iran. Page 2

Chunnel loan

Nordic banks said they were ready to lend $252m to Eurotunnel, the Anglo-French consortium provided it can also raise money on the stock exchanges.

Swiss equities reform

Swiss legislators voted to outlaw insider trading, but disagreements in parliament over some details prevented the bill from becoming law immediately. US insider trading Page 20

Zaire loan

The World Bank released the first part of a $165m structural adjustment loan to Zaire

Shark deaths

As many as 100 people fleeing the Dominican Republic for Puerto Rico were feared torn to pieces by sharks after their fragile boat broke up 10 miles (15 km) from shore.

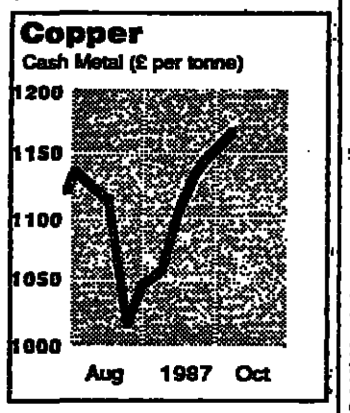
Business Summary

BankAm succeeds in raising $425m

BANKAMERICA, holding company for the second largest US bank, has succeeded in raising $425m of new capital, primarily from Japanese investors. Page 21

WARNER COMMUNICATION'S $200m agreed acquisition of Chappell & Co, the world's largest and longest established musical publishing company, has been referred to Britain's monopolies and Mergers Commission. Page 20

COPPER PRICES rose on the London Metals Exchange yesterday, the cash Grade A position closing at £1,169.50 a tonne,



up £13 on the day and £37.50 on the week so far. Overnight strength in the New York market encouraged the rise. Page 32

DIXONS, UK electrical retailer, has abandoned plans to raise $50m on the New York Stock Exchange, blaming a recent bout of investor disaffection with speciality retailers in the US, but is going ahead with plans to obtain a US listing for its shares. Page 21

WALL STREET: The Dow Jones industrial average closed up 2.45 at 2551.08 Page 44

LONDON: UK securities markets showed determined resistance to the fall on Wall Street with equities closing well above the day's lows. The FT-SE 100 ended with a net fall of 8.1 at 2,359.8 and the FT Ordinary Index ended 4.8 lower at 1,853. Details, Page 46

TOKYO: The record one-day plunge on Wall Street triggered selling of high technology stocks and large-capital issues. A late buy-back helped recoup many of the early losses. The Nikkei stock average closed 136.70 lower at 25,952.27. Page 44

HELSINKI's surging share prices continued to defy the predictions of an imminent crash and logged yet another all-time high, with the Unitas all-share index climbing 3.3 to 654.2. Page 44

GOLD fell $0.25 on the London bullion market to $457.50. In Zurich it fell $0.20 to $458.35. Page 32

DOLLAR closed in New York at DM1.82325, Y145.20, FFr6.0700, SFr1.5215. It fell in London to DM1.8260 (DM1.8360); to FFr6.0775 (FFr6.1075); to SFr1.5235 (SFr1.5305); and to Y145.60 (Y146.70). On Bank of England figures the dollar's exchange rate index fell 0.4 to 101.5. Page 32

STERLING closed in New York at $1.6432. It rose in London to $1.6410 ($1.6320); to FFr9.9725 (FFr9.9675); to SFr2.50 (SFr2.4975); remained unchanged at DM2.9975 and fell to Y239.0 (Y239.50). The pound's exchange rate index rose 0.1 to 73.3. Page 33

THOMSON, French state-controlled defence and electronics group, plans to invest FFr20bn ($3.3bn) in its expanding consumer electronics business over the next 10 years. Page 22

OCE-VAN Der Grinten, Dutch photocopier maker, reported third quarter earnings 14 per cent down to Fl.16.6m($8.3m) and forecast profits would fall 5 to 10 per cent for all of 1987. Page 22

AIR INTER, French domestic airline, has found itself at the centre of an increasingly heated financial dogfight between Air France, the national airline company, and UTA, the French international carrier controlled by the Chargeurs group. Page 22

White House remains steadfast behind Judge Bork

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

PRESIDENT RONALD Reagan yesterday urged Judge Robert Bork not to withdraw his Supreme Court nomination in spite of the 9 - 5 vote in the Senate judiciary committee recommending the full Senate not to approve the appointment.

Mr Reagan held a surprise meeting with Judge Bork at the White House yesterday amid speculation that the judge would ask for his nomination to be withdrawn.

The meeting took place as conviction increased on Capitol Hill that the White House's efforts to secure Judge Bork's nomination were doomed to failure and that it was a matter of time before Judge Bork dropped out of consideration.

This would be a major political setback for Mr Reagan in his efforts to strengthen the conservative wing of the Supreme Court.

In the wake of yesterday's meeting, however, Mr Marlin Fitzwater, White House spokesman, said that Mr Reagan had told Judge Bork he did not want him to withdraw.

"I urge you to stay in it. I urge you to keep going," Mr Fitzwater quoted the President as saying.

Mr Fitzwater said that the meeting was to "discuss strategy, where things stand and where we go from here."

When asked whether the question of a withdrawal had been discussed, the spokesman refused to characterise Judge Bork's position saying "I can't speak for Bork."

Nevertheless, Washington is alive with speculation about who the White House might nominate as a replacement. Most political analysts assume that Mr Reagan will name another conservative - but not as controversial as Judge Bork, whose extreme positions have made him an easy target for critics on the left and a difficult man for moderate Republicans, and even conservative Democrats, to support.

The withdrawal of the nomination would represent not only a stunning political setback for Mr Reagan, who it had been assumed would be strong enough to push his nominee through the Senate, but also for the Republican Party.

Conservatives are already bitterly attacking the White House and moderate Republicans in the Administration, including Mr Howard Baker, Chief of Staff, for mishandling the nomination.

Many are insisting that the White House should press ahead and take the nomination to the floor of the Senate for a vote and so make it a major issue around which the Republican Party can rally in the 1988 campaigns.

But political analysts argue that Mr Reagan's best option personally now is to cut his losses, distance himself from Judge Bork and send up a nominee who could quickly be confirmed so that he can move on to other things.

Judge Bork

US banks give way to pressure with ½ point rise in prime rate

BY ANATOLE KALETSKY IN NEW YORK

LEADING US banks increased their prime lending rate to 9¼ per cent from 8¾ per cent yesterday, bowing to pressures for higher interest rates which have intensified in money markets around the world.

The half-point jump in prime rate, which is the benchmark interest rate paid by many of the banks' large corporate customers, was the fifth increase since US borrowing costs began their upward march in April this year.

It immediately set off speculation among some analysts about the possibility of a rise in the Federal Reserve Board's key discount rate.

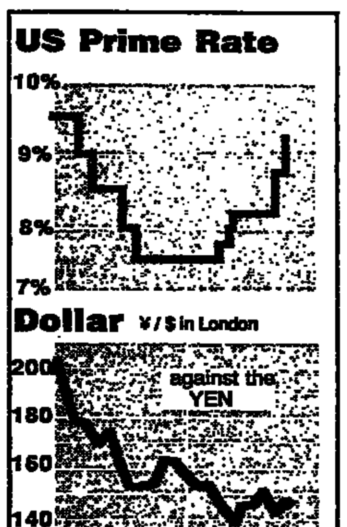
The move came as short-term West German interest rates took a further upward turn with the Bundesbank accepting bids for one-month securities repurchase agreements at 3.75 per cent, against 3.65 per cent previously.

That followed an increase in the central bank's minimum tender rate for repurchase agreements to 3.60 per cent on Tuesday and confirmed its intention to use repurchase agreements to control the money supply, which is now rising by an estimated 7½ per cent against an official target range of 3 to 6 per cent.

The US discount rate was last raised on September 4, from 5.5 to 6 per cent.

This action, which was the Fed's first unmistakable move to increase US borrowing costs in more than three years, reflected growing concerns about inflation, as well as a desire to bolster the dollar.

It was taken as a major selling signal by bond investors around the world and made a significant contribution to the recent weakness of stock and bond markets not only in the US, but in Europe and Japan.



Nevertheless, yesterday's rise was accepted calmly by investors on Wall Street. The Treasury's long bond edged higher in morning trading, although it was marginally lower by the close.

The US stock market stabilised after Tuesday's 91-point rout, with the Dow Jones Industrial Average edging up 2.45 to close at 2551.08.

Unease over the rising trend of world interest rates dominated talks between leading central bankers at last week's meeting of the International Monetary Fund, but there was no consensus on how they should respond.

The central banks believe that the markets have over-reacted to the rise seen in inflation in industrialised nations this year.

The increase is seen as reflecting a bounce-back from the artificially low pace of price rises which followed the oil price collapse, rather than an upward shift in the underlying inflation rate.

There was far less certainty at the Washington talks, however, over how the central banks should respond.

Mr Karl Otto Poehl, the Bundesbank's president, argued that some tightening of monetary policy would produce an initial rise in short-term rates but could eventually dampen inflationary expectations, paving the way for a renewed fall in long-term rates.

That analysis, however, was not universally shared. Mr Alan Greenspan, the chairman of the Federal Reserve, was said by officials to have indicated that the US was not prepared to underpin the dollar by continually raising the US discount rate. In was up to West Germany and Japan to keep their borrowing costs low.

Other central bankers voiced concern that rises in official interest rates could send the wrong signal to bond markets. Rather than dampening inflationary fears, such moves might be taken as a sign that those fears were in shared by central banks.

Mr Satoshi Sumita, the Governor of the Bank of Japan, said that he had no immediate intention of raising the Japanese discount rate. He left open the possibility of such a move, however, if market pressures intensified.

One reason for the relaxed reaction among US investors yesterday to the prime rate move was the strong evidence from the money markets that higher

Continued on Page 20

UK tax cuts pledge, Page 8; Lex, Page 20; Money markets, Page 33

Reagan may offer Managua regime aid

By Lionel Barber in Washington

PRESIDENT REAGAN yesterday held out the prospect of US economic aid to Nicaragua if the Marxist Sandinista Government agrees to a negotiated ceasefire with the US-backed Contra rebels and allows them to take part in a full democracy.

Mr Reagan's offer - while heavily hedged - marked the first time he has hinted at American economic aid to the heavily indebted Managua regime. He ordered aid to be cut off in 1981 following Sandinista political repression and human rights abuses after the 1979 revolution which toppled the Somoza dictatorship.

In a speech to the Organisation of American States in Washington yesterday, Mr Reagan declared his support for the Central American regional peace plan and set out the conditions for the end of US military aid to the Contras.

Mr Reagan acknowledged that the left-wing Sandinista Government in Nicaragua had taken some tentative first steps towards democratic reform. But he said that the Contras were the "essential guarantee" that the Sandinistas live up to their commitments under the plan.

He said he would renew his request to Congress for $270m worth of military and humanitarian aid to the Contras, spread over 18 months. However, if the Sandinistas negotiated a ceasefire with the Contras and they were then allowed to "contest power politically without retribution", US aid to the rebels would decrease proportionally.

Mr Reagan then held out his economic carrot: "The assistance money will then be redirected to strengthening the democratic process in Nicarauga".

The Sandinistas have refused direct negotiations with the Contras and have called for talks with Washington. But Mr Reagan did not rule out Contra-Sandinista negotiations via a third

Continued on Page 20

French group claims Equity & Law victory

BY NICK BUNKER IN LONDON

COMPAGNIE DU MIDI, the French insurance and industrial holding company, is claiming victory in its three-week-long takeover fight for Equity & Law, the British life assurance group, after raising its offer and striking a deal with the rival bidder Mr Ron Brierley, the New Zealand financier.

The French group said yesterday that it had increased its basic cash-and-shares offer for Equity & Law, Britain's 20th biggest life insurer, from 446p to 455.6p per share, valuing the company at £457m ($745m).

It added that on Tuesday Mr Brierley agreed to withdraw his bid and sell to Compagnie du Midi his entire 29.7 per cent stake. This is thought to give an estimated capital gain of at least £43m.

Equity & Law's board yesterday recommended acceptance of the French group's new offer - its third since the bid battle began. Mr Chris Brocksom, Equity & Law's chief executive, said it was "not clear that Mr Brierley's style of investment management would have fitted in with the constraints that exist on investment of a life fund."

Mr Vienot said the French group intended to develop "an exchange structure" to enable cross-fertilisation of ideas between Equity & Law, and its own insurance staff.

The terms of Compagnie du Midi's new offer are complex. It is offering 450p per share in cash - matching Mr Brierley's second and last bid on September 30. But its main offer consists of nine of its shares, plus £3,366 cash for every 1,000 Equity & Law shares, valuing them at about 455.6p each.

Alternatively, shareholders can take an offer consisting just of Midi's paper and worth about 472p per share.

Mr Brierley said that Via Schroders, his merchant bank advisor, had agreed to sell 23.1m of his 29.6m Equity & Law shares to Compagnie du Midi and Kleinwort Benson, the French group's merchant bank, for 450p each, and to accept the revised French offer in respect of the rest of his stake.

Yugoslavia in IMF talks

BY ALEKSANDAR LEBL IN BELGRADE

YUGOSLAVIA will probably be among the first beneficiaries of the International Monetary Fund's plans to revive its Extended Fund Facility, revealed at the IMF's annual meeting in Washington last week.

Mr Svetozar Rikanovic, the Finance Minister, has discussed with Mr Michel Camdessus, IMF managing director, the possibility of borrowing an unspecified amount from the facility to help the country overcome serious debt servicing problems.

The EFF was set up in the 1970s to provide money for longer periods than normal standby credits.

Yugoslav authorities prefer the EFF because they would find it easier to enter an agreement under a different name because they have strongly criticised the IMF and standby arrangements in the past.

The country failed to make $245m of principal repayments due to banks last June and July and has asked government and commercial bank creditors to negotiate "reconstruction" of the country's external debt.

The Government plans to submit to Parliament in about 10 days a programme to deal with the economic crisis.

Dalai Lama calls for civil disobedience in Lhasa

BY JOHN ELLIOT IN DHARAMSALA, NORTH INDIA

THE DALAI Lama, Tibet's exiled Bhuddist spiritual leader, yesterday called for mass protest and civil disobediance in the country in order to put pressure on China to change its policies and review its domination of his home country.

The streets of Lhasa remained quiet yesterday as heavily armed police stood watch for possible outbreaks of anti-Chinese demonstrations on the 37th anniversary of China's entry into Tibet.

Speaking six days after 19 people died in clashes in Lhasa, Tibet's capital, the Dalai Lama said that he was against violent protest because "violence is almost suicidal."

Non-violent demonstrations and civil disobedience were neccessary as an "expression of sorrow." But he wanted to maintain a pragmatic approach and indicated that he would not insist on full independance for Tibet if a concrete offer came from China.

"The options are open," he repeatedly declared when asked if he would accept autonomy within China, instead of independence.

"Contact with the Chinese Government has not yet produced concrete shape. I do not want to discourage the Tibeten peoples' wishes nor do I want to cut links with the Chinese government."

The Dalai Lama was speaking at his first formal press conference in many years held at the capital of his government in exile which has been situated for the past 28 years near Dharamsala in the densely wooded Himalayan foothills of north India. There are 120,000 Tibetans living in exile in India.

The 37th anniversary of the Chinese invasion was marked by the government in exile giving journalists, television crews and photographers access for the first time to Tibetans to allow them to publicly condemn last weeks deaths in Lhasa.

Before the 1¼-hour press conference, there were prayers in a temple regarded as a replica of the Jokhung central temple.

Young people and activists among the monks and demonstrators believe that relations between China and Tibet are at a turning point.

They see a link between the Dalai Lama's new peace proposals made during a visit to the US last month and the demonstrations in Lhasa last week.

The Dalai Lama welcomed China's more lenient policies in Tibet but said "deep down six million Tibetan people are not satisfied, not happy" that their country was being used for military bases and nuclear weapons production and that the ecology was being undermined.

Tibet was being "colonised" by the Chinese and Tibetans could become a minority in their own land.

The Dalai Lama called on "the world community" to protect Tibetan culture and said that he wanted both India and other nations to bring more pressure to bear on Peking.

India, meanwhile, sealed its border with Tibet yesterday, ordering frontier security forces to prevent an influx of refugees fleeing the riots in the Tibetan capital. China advised foreigners not to go to Tibet and Peking blamed the Dalai Lama and his supporters for the riots.

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WALL ST'S INSIDER TRADING INQUIRY IN DIFFICULTY

Ivan Boesky reads the talmud as he waits for sentence to be passed in December, Page 20

The Soviet leadership is handling warily a key element of economic reform, writes **Patrick Cockburn**

Gorbachev prepares the ground for raising prices

FEAR OF an increase in prices is general thoughout the Soviet Union, Mr Mikhail Gorbachev told a meeting in Murmansk last week. There was one key question in people's minds: "Is the leadership planning to solve all the problems of the economy by lowering the people's living standards?"

Answering his own question, Mr Gorbachev said that no section of the population would suffer a drop in its living standard but that price increases were essential.

State subsidies mean there is little relationship between production costs and retail price - the difference between the two costing the government Roubles 57bn (£57bn) for meat and milk alone in 1986. The result is waste: "One can see children using a loaf of bread as a ball in their games," Mr Gorbachev said.

His efforts to calm popular forebodings about prices in last Thursday's speech, broadcast on all television channels, show that the Government is worried. It knows that in the Soviet Union, as in Eastern Europe, the way the Government handles price changes is the key to popular acceptance of economic change.

In Hungary, many prices were raised successfully in the late 1960s and early 1970s; in Poland, sudden price increases brought political disaster.

Yet Mr Valentin Pavlov, appointed chairman of the State Committee for Prices last year, says that the most important change will not be in retail prices but in raising intermediate prices for fuel, energy and raw materials.

So long as the cost of these to industry remains so out of keeping with what they cost the state, then the cost accounting which is to be introduced into the way all 45,000 Soviet enterprises are run will be without any real yardstick of value. The cost of the main inputs is distorted by a complex system of state subsidies.

For example, Mr Pavlov says: "The cost price of one tonne of coal for the power industry is Roubles 18 but it is sold at Roubles 12. In the power industry, therefore, the prime cost of energy and heat production and, correspondingly, the price is understated by one third."

Countless other examples of this divorce between costs and prices makes it extremely difficult for the Government to plan ahead or to use subsidies effectively to encourage greater output. A first priority for Mr Pavlov is to straighten out the extreme muddle in the pricing system left by his predecessor, Mr Nikolai Glushkov.

Going by the experience of China and East European economic reforms, Dr Oleg Bogomolov, one of the Soviet Union's main experts on other Socialist systems, says there is bound to be inflation as prices become responsive to demand. But he also argues that the present system is by no means immune to inflation, although it may take hidden forms. For instance, money incomes rising faster than the supply of goods means queues, deferred demand through a big rise in savings (deposits in savings banks total Roubles 270bn), and concealed price increases.

Dr Bogomolov dismisses the retail price index of the State Committee for Statistics as unrealistic. He says that, contrary to their figures, the real cost of the basket of goods consumed by a Soviet citizen living in a city "has more than doubled in price since the end of the 1950s." Lack of goods has also led to the development of the black market where the consumer has to pay inflated prices.

The Government clearly sees that successful price reform over the next three years is central to economic development. The danger is that, since wage levels are being changed at the same time to reflect productivity better, some groups - such as the country's 50m pensioners - will find their living standards suddenly slashed. Hence the desire of Mr Gorbachev and his main economic experts to explain in time what they plan to do to Soviet prices.

Peace talks in Italy's religious lessons row

BY JOHN WYLES IN ROME

THE embarrassing clash between the Italian Government and the Vatican over the teaching of religion in state schools is heading for an amicable conclusion after a political summit yesterday.

Mr Giovanni Goria, the Prime Minister, and Cardinal Augusto Casaroli, the Vatican's Secretary of State, emerged from 90 minutes of talks yesterday implying a mutual understanding but refusing to discuss it publicly. Their talks followed a secret meeting on Sunday in which the two men are thought to have identified the path to an agreement.

Nothing official is likely to emerge until Mr Goria has faced Parliament on Friday when he will run into a barrage of resistance from the Communists and groups further to the left against any sell-out over the issue.

But Mr Goria's main anxiety will be to hold together his five-part coalition in the face of the Vatican's rather abrasive diplomacy. A parliamentary agreement between the coalition parties over the issue was frozen last week by a demand from the Holy See for immediate talks.

The Vatican claimed that the Government was about to alter unilaterally the Concordat by apparently weakening the state's commitment to guarantee Catholic teaching in schools.

The church objected in particular to a recommendation to headteachers that lessons should be held either at the beginning or end of the school day for the convenience of those pupils opting out.

The compromise is expected to reaffirm the state's commitment to teach Catholicism while leaving the actual timing of the weekly "hour of religion" to be decided by headteachers. The smaller lay parties in Mr Goria's coalition - the Republicans, Liberals and Social Democrats - will not be happy about dropping this recommendation. But since his key partner, Mr Bettino Craxi's Socialists - will offer no objection, the Government looks likely to survive this unexpected storm.

Cardinal Casaroli sounded slightly defensive yesterday about the church's abrupt intervention last week. The parliament, he said, had "given the impression" that it was heading for an arrangement which did not fully conform with the Concordat. But the Vatican had been assured that "the intention was not, in certain respects, that which was implied by the text of the agreement," he added.

EC struggle over steel cut advisers

By William Dawkins in Brussels

THE 17-man European Commission was yesterday struggling over the selection of a panel of three wise men to advise on the Community's steel crisis.

Concern was growing among steel officials in Brussels as the panel cannot be chosen until it has been given a mandate - and the extent of its remit was the main sticking point in yesterday's debate at the commission's weekly meeting.

Time is running out for the mid-November deadline by which the Brussels authorities want the panel to come up with ideas for cutting the 30m tonnes of steel-making overcapacity which the commission says must be closed to bring supply into line with demand.

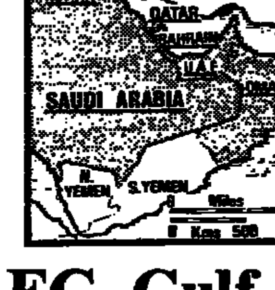
If member states cannot agree on substantial capacity cuts, the commission is threatening to scrap all steel output controls from the end of the year. Steel producers have warned that this would force them into a damaging price war.

Officially, the future panel members' identities are being kept a close secret, though two names were being widely mentioned yesterday. They include Viscount Etienne Davignon, the former EC Industry Commissioner, who was understood to be withholding his final response to Brussels' invitation until the panel's mandate has been set, ideally giving him wide freedom to negotiate with steel companies.

The other is Professor Umberto Colombo, chairman of Enea, the Italian atomic energy authority and a close friend of Mr Romano Prodi, president of IRI, the state industrial holding group which controls Finsider, the national steel producer.

The third man is expected to be recruited from West Germany, the EC's biggest steel producing country. One group of Commissioners, including Mr Frans Andriessen, in charge of agriculture, Lord Cockfield, responsible for the internal market and Mr Peter Sutherland, in charge of competition policy, is anxious that Brussels should not cede too much of its responsibility to the panel.

They want it to be given a very general exploratory mandate, leaving it to national governments to decide on individual plant shut-downs, but with commission help. At the other extreme, Mr Karl-Heinz Narjes, the Industry Commissioner, is said to favour a more precise mandate @Free food worth Ecu100m will be handed out to Europe's poor and underprivileged next year if a plan confirmed yesterday by the European Commission is agreed by member states.



EC, Gulf talks suffer setback

By Quentin Peel in Brussels

PROSPECTS for a free trade area being negotiated between the European Community and the member states of the Gulf Co-operation Council (GCC) received a severe setback yesterday when the European Commission proposed a restrictive mandate for trade negotiations.

The proposal to be put on the table is for no better than a standstill in current trade relations together with the sop of more formalised political relations. That has now to be approved as a negotiating mandate by the 12 EC member states before talks can begin.

Only in some indeterminate second phase would any question of a free-trade area be raised, a Commission spokesman said yesterday.

The deal would offer most-favoured nation status to the members of the GCC, including Saudi Arabia, Kuwait, the United Arab Emirates and Oman. That does not offer any real change in present relations, because 80 per cent of Gulf exports to the EC are already in the form of tariff-free crude oil.

The remaining exports, including mainly refined petroleum and petro-chemicals, already enjoy the advantages of the Generalised System of Preferences.

The offer of a standstill may nonetheless be seen as a reassurance that the EC will not seek to impose higher duties on petrochemical imports to protect its own petrochemical industry.

The Commission also proposes co-operation in fields such as manufacturing industry, energy, science and technology and the environment.

The negotiating mandate is so modest as to be unlikely to cause problems for the EC Council of Ministers, whereas any suggestion of a free-trade area would have run into stiff opposition.

The Community will therefore be in a position to honour its political commitment to the Gulf states of reaching a rapid agreement, simply because the deal will barely change the status quo.

Athens may aid ailing companies

By William Dawkins in Brussels

THE European Commission yesterday gave the Greek Government permission to provide aid to ailing companies, but imposed far tougher conditions than Athens was seeking.

The move sanctions a three-year-old national subsidy scheme whereby the state-owned Greek Business Reconstruction Organisation helps companies in financial difficulties by converting their debts into government-guaranteed equity. But it gives the commission the right to vet assistance in advance and to make it conditional on restructuring.

So far, the organisation has bailed out 45 companies, including some of Greece's largest textiles, timber and cement suppliers. Of that total, 22 were in such poor financial shape that they were later liquidated.

Normally, EC competition rules outlaw state aid of this sort on the grounds that it gives the beneficiaries an unfair edge against unsubsidised competitors. However, the Treaty of Rome does allow governments to hand out state aid when it is needed to "remedy a serious disturbance" in their economies. The Greek system was felt to be a special case because it was a legacy of the government practice of imposing unrealistically low price controls on a range of staple commodities before the country's accession to the EC in 1981. Yesterday's decision is the outcome of an inquiry by commission competition authorities in which Athens had pressed for a free hand to refinance troubled companies.

Instead, Brussels has insisted that it is notified in advance of state refinancings for all groups employing more than 300 people. It will only sanction aid that is conditional on promises from the recipients to "undertake all necessary measures" to ensure their commercial viability and which does not help the recipients increase their capacity.

Red faces as French Assembly prepares to vote on Nucci

BY PAUL BETTS IN PARIS

THE French National Assembly has returned to work this week for its autumn parliamentary session on a note of high drama and political embarrassment for both sides of the House.

The Assembly was last night due to take the rare step of voting to lift the parliamentary immunity of Mr Christian Nucci, the former Socialist Co-operation Minister, and allow him to appear before a special high court.

Mr Nucci has been at the centre of what has become known as the *Carrefour du Developpement* (Crossroads of Development) scandal. The affair first broke out last autumn when accusations of embezzlement were made against Mr Nucci and officials connected with him over the financing of the 1984 Franco-African summit at Bujumbura. Some of the funds were made available through the *Carrefour du Development*, an aid organisation created by Mr Nucci.

The former minister was also accused of financing his March 1986 election campaign out of official funds. But Mr Nucci has denied the charges against him and claimed instead that he has been the victim of the machinations of the former director of his private office, Mr Yves Chalier.

The affair subsequently snowballed into a sequence of comic episodes, including the disappearance of Mr Chalier to South America with a false passport apparently issued to him by an official working for the right-wing Interior Minister, Mr Charles Pasqua. Mr Chalier was later arrested but has since been released on remand after staging a hunger strike in a French prison hospital.

At first the scandal seemed to provide a golden opportunity for the new right-wing government to discredit the former Socialist administration. But as the affair of Mr Chalier's false passport unfolded, it also became a source of embarrassment for the right.

Moreover, the affair also raises the old controversy over the financing of political parties in France where there are no strict guidelines to ensure the transparency of party financing. The issue is likely to become all the more pertinent as next spring's presidential election campaign gathers momentum.

It is the first time in the history of the Fifth Republic that Parliament will be voting to lift the parliamentary immunity of one of its members to send him before the special high court. The last time this exceptional procedure took place was when Marshal Petain and his Prime Minister, Pierre Laval, were arraigned for high treason for heading the Vichy regime.

For the political parties, the affair could become all the more embarrassing since it is likely to hang heavily over the new parliamentary session which already promises to be particularly turbulent with the approach of the presidential elections.

Polish reformist paper at risk

BY CHRISTOPHER BOBINSKI IN WARSAW

THE FUTURE of one of Poland's most outspoken reformist journals, Zarzadzanie (Management), is in jeopardy after being told to leave the press group to which it belongs.

The paper, which has a circulation of 17,000 and is read by senior management throughout industry, has been part of the Rzeczpospolita publishing group headed by the Government's own daily newspaper. The group, which is managed by close political allies of Mr Zbigniew Messner, the Prime Minister, has now told Zarzadzanie's editorial board to find a new sponsor.

Membership of the Rzeczpospolita group had assured the journal access to rationed paper and printing facilities which in Polish conditions are more important to the existence of a publication than mere financial viability.

Zarzadzanie's problems come as the Polish authorities are about to unveil a programme of decentralising market-orientated reform measures, including a major reorganisation of the economic arm of the Government.

Since 1982, when economic reforms began, Zarzadzanie has argued for the changes in the face of conservative bureacratic opposition. Two years ago, Mr Zbigniew Szalajda, a deputy premier, torpedoed an attempt by the paper to organise a debate on restructuring central government on lines similar to those soon to be announced.

It is expected that Mr Szalajda will continue to be responsible for industrial policy in the new government framework, which he once opposed.

Zarzadzanie was also the first publication in the Soviet bloc to publish lists of company results which revealed where profits were being made and whose losses were being covered by the Government.

Voest-Alpine probe

THE assistant general director of Voest-Alpine, the Austrian state steel and engineering group, is being investigated for allegedly selling arms to Iran, writes Judy Dempsey in Vienna.

Last weekend, the authorities in Linz, where Voest-Alpine has its headquarters, searched the home and office of Mr Claus Raidl who, besides being assistant director general, is also the company's head of finance. The company has vigorously denied the arms sale allegations.

Mr Raidl is alleged to have been involved in the illegal sale of 30 cannon to Iran at the end of 1986.

Banks set moderate tone for Spanish wage round

BY TOM BURNS IN MADRID

UNIONS representing Spain's 150,000 bank employees have settled for a salary increase next year of 1.5 per cent above the inflation rate in a keynote agreement which sets the tone for moderate wage increases in line with the Government's policy.

A further feature in the agreement, which will be put to a referendum ballot of union members in the course of this month, is the acceptance by the unions of afternoon banking hours.

The projected salary rise will stand at 4.5 per cent next year if the Government achieves its 1987 target of reducing inflation by two points to 3 per cent. The 4.5 per cent figure is close to the government guideline of a 4 per cent wage rise for public sector employees and it contrasts strongly with calls by national union leaders for salary increases of about 6 or 7 per cent.

As the first of the nationwide wage agreements to have been successfully negotiated, the pact between the private banks and their employees is expected to have a psychological effect which will induce salary moderation in the forthcoming bargaining in other sectors.

The apparent absence of militancy among the bank employee negotiators indicates that the Government's budget package of salary moderation, lowered inflation and reduced income tax for the lower-scale wage-earners is gaining ground on the blanket rejection of its plans which has so far been expressed by the main union leaders.

The green light for afternoon banking hours had long been sought by the big banks

Under the terms of the pact, 20 per cent of branches, staffed by 20 per cent of employees, will remain open from Monday to Thursday until 5pm except during the summer vacation period, between June and September, when banking hours will be 8am to 3pm for all branches.

On Fridays, year round, banks will close at 3pm. On Saturdays, they will also remain open until 3pm except during the summer months when they will not open at all. At present, banks are open until 2pm on Saturdays but close at midday in the vacation period.

If the agreement is, as expected, endorsed by the planned referendum, the new banking hours could be in force before the end of the year.

Turkey court to rule on poll date

BY DAVID BARCHARD IN ANKARA

TURKEY'S Constitutional Court is expected to rule today on a request by the Social Democratic opposition for the annulment of the law advancing the general election by a year to November 1.

The opposition has objected to five clauses in the law which, it claims, violate the constitution. These include: the curtailment of the campaign period; an electoral barrier which means parties must obtain between 20 and 30 per cent of the votes in a multi-member constituency to get into parliament; and the selection of candidates by party leaders rather than by primary elections.

A rapporteur has already submitted a formal opinion that at least one of these objections is valid. However, the court will not necessarily accept this in its ruling.

The Constitutional court now seems to be the last serious hurdle which the Prime Minister, Mr Turgut Ozal, and the ruling Motherland Party have to face. The general expectation is that Mr Ozal will take more than 40 per cent of the votes in the election and could be 20 to 30 per cent ahead of his nearest rivals.

If the opposition complaint were upheld, the election would probably be held next spring. The main disadvantages from Mr Ozal's point of view would be the need to reselect all candidates and the prolongation of uncertainty in the country.

A further disadvantage would be that 2m voters, disenfranchised in 1982 for five years by the military for boycotting a referendum, will regain the right to vote from November 8 onwards. They will presumably vote against the Motherland Party.

Swedes to probe escape of spy

THE SWEDISH Government yesterday ordered the country's top law officer to investigate how a convicted Soviet spy, Mr Sten Bergling, managed to abscond during an unsupervised conjugal visit to his wife, **Reuter reports from Stockholm.**

The Justice Minister, Mr Sten Wickbom, said the Swedish Attorney General, Mr Bengt Hamdahl, had been instructed to investigate Mr Bergling's escape. Mr Bergling, who walked out of his wife's flat and disappeared, had been serving a life sentence since his conviction in 1979.

Soviets ready to discuss Nordic arms reduction

BY SARA WEBB IN STOCKHOLM

A SENIOR Soviet official yesterday said that the Soviet Union would be prepared to discuss a reduction of nuclear weapons in the Kola Peninsula and would welcome proposals from other countries.

The Kola Peninsula is home to two thirds of the Soviet submarine-based strategic missiles and about half of the attack submarine fleet.

"We have already phased out some missiles in this area. More suggestions would be welcome," said Mr Oleg Grinevsky, the Soviet ambassador with special responsibility for foreign affairs.

Mr Grinevsky held "interesting and constructive" talks in Stockholm yesterday with Mr Roine Carlsson, the Swedish Defence Minister, and Mr Pierre Schori, the Swedish Under Secretary of State. They discussed the proposals made last week by Mr Mikhail Gorbachev, the Soviet leader, for a reduction of naval activity in the Baltic and Arctic seas.

Philippine army chief warns he cannot stop coup

BY RICHARD GOURLAY IN MANILA

GEN FIDEL RAMOS, the Philippine armed forces chief, yesterday warned that a coalition of military and political forces was uniting to try to topple President Corazon Aquino and that loyal troops alone would not be able to protect the Government.

The warning followed two Cabinet crisis committee meetings in 12 hours, called following repeated reports of renewed coup attempts that government officials are taking very seriously.

It also came a day after an interview with Col Gregorio Honasan, the leader of the failed August 28 coup who is still at large, was shown on national television. He attacked Mrs Aquino's lack of control of government and said he would lead further efforts to topple her and instal a government headed by a coalition of military, civilian, church and opposition leaders.

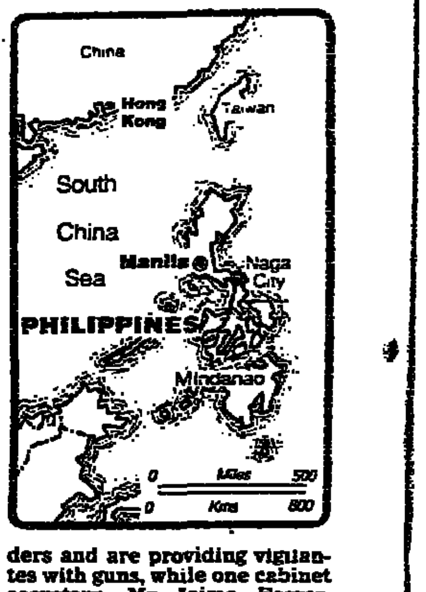
"This (new) coup would involve the kind of political participation that the military will not be able to handle," Mr Noel Soriano, the national security adviser, was quoted by the presidential press secretary as saying in a full Cabinet meeting. "If it is a coup within the military involving the participation of opposition politicians it is a question for the entire government to handle." Troops in armoured cars and machine gun nests have surrounded Malacanang Palace for most of the six weeks since the failed coup in August 28. Other troops have been deployed in the area.

Soon after the Cabinet meeting, Mrs Aquino ordered the closure of three radio stations which regularly broadcast in support of former President Ferdinand Marcos. Mr Teodoro Benigno, the presidential press secretary, said General Ramos suggested that the anti-Aquino coalition that is plotting to overthrow the Government might try to bring Mr Marcos back from exile in Hawaii.

Observers say Mrs Aquino's staff have finally started to take action to oppose efforts to destabilise the Government.

Refugees wait out bitter war with courage

BY RICHARD GOURLAY IN NAGA CITY



FOR THE last month, Mr Guidote Fraginal and 131 refugees from 27 families have slept on the floor of a room no larger than a tennis court. During the daytime, when he would normally be tending his corn and coconuts, Mr Fraginal sits and waits for the mayors and the military to say how he can live at home again with his family secure from the communist-led New People's Army (NPA) guerrillas.

He is one of 655 refugees who have fled their hamlets near the isolated town of Polangui, 300 miles south of Manila, to escape just one of the small wars that makes up the Philippine insurgency.

Some of the refugees said they fled because they were afraid of being caught in cross-fire between the rebels and troops who poured into the area after guerrillas blew up bridges, power lines and railways last month. Others said they fled because the NPA was trying to force their sons and daughters to join the rebels. Still others took courage from the flight of nearby villagers and decided they would not continue to pay the so-called "revolutionary taxes" that the NPA extorts to support its 18-year war.

Looking around at the cheerful but ramshackle refugee centre and the scantily-clad kids dipping into large bags of donated broken biscuits, Mr Romeo Salalima, acting Albay governor, said: "I think they will be here for months."

In fact, according to the regional commander, General Luis San Andres, there have been no real encounters with the NPA since 1,000 crack Scout Ranger troopers were moved into the area last month. "It is amazing how fast these people (the NPA) can evaporate," he said. He knows that they could come back once the troops leave but he does not have the troops to protect each of the 3,400 hamlets in the Bicol region.

The more realistic villagers also realise that some time the troops will leave.

"The government should trust us and give us arms to fight against the NPA," Mr Fidel Savandon, a village leader said. "They were trying to recruit our teenage men to join them - they might come back."

Prompted by the military, they are now reluctantly asking the mayors to help them set up armed vigilante groups who will act as a bush telegraph for the military and the first line of defence. They were asking reluctantly because they had heard stories - some from the NPA - about how the vigilante groups elsewhere abused the people they were supposed to defend. "Now we have met some vigilantes we would like them to defend our families," Mr Delfin Balauro, a father of 11 from Itaran village said.

But local politicians and regional commanders, who strongly back the formation of vigilantes, say President Corazon Aquino's national policy is unclear. When the vigilante groups were first set up in the southern Philippines, she said the military should not supply their arms. The groups could easily turn into private armies, would be difficult to control and would be untrained, many officials thought. The initial group attracted assorted criminals, "goons" and former NPA rebels who paid scant attention to due process before assuming a villager was a communist. Human rights activists immediately shouted foul and suggested the government was endorsing what would become right-wing death squads - although there has so far been more talk of what could go wrong than reports of actual atrocities.

Some military commanders have quietly ignored these orders and are providing vigilantes with guns, while one cabinet secretary, Mr Jaime Ferrer, who openly called for them to be armed, was assassinated in August.

Even without vigilante groups, however, the government has been helped by a change in NPA tactics in August when the rebels started blowing up bridges and power lines. "Because the bombings happened during a the Penafrancia (a festival honouring the Virgin Mary) the rebels unwittingly created the impression that they were anti-religious and after two seasons of drought and one typhoon, they have compounded people's problems by disrupting transportation," Camarines Sur governor, Mr Luis Villafuerte, said.

The military in Bicol is making the most of the refugees and the blown bridges to try to polish their badly tarnished image - and with some success. As one bus driver said: "The military does not give us trouble now." There is hardly yet warm and welcoming support for government troops. But it is already greatly different from the days under former President Ferdinand Marcos when the military was notorious for brutal treatment of the people they were supposed to be defending.

The change in mood is brought home most vividly by Bicol's poorest villagers who live isolated from any sign of the Philippine government and are constantly between the lines in the insurgency war. "Before, we went along with the NPA regulations (paying taxes and feeding them) ... the rebels never made trouble in the past. But they have become abusive," said Mr Savandon, the village leader.

Finally, Mr Fraginal, who says he earns $50 a year in cash in addition to his subsistence crops, told of how he prepared food for the NPA. "Each time they come, it's five pesos (18p) a person, sometimes five of them - two or three times a month," he said. "They stay for three meals and one night. I was afraid of them - if they did not get food they might kill us."

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Rabuka's ministers reflect ethnic Fijian nationalism

BY CHRIS SHERWELL IN SUVA

COL SITIVENI Rabuka, Fiji's military ruler, last night named a 19-member Council of Ministers to run his new race-based republic which reflected the strong ethnic Fijian nationalist forces supporting his seizure of power.

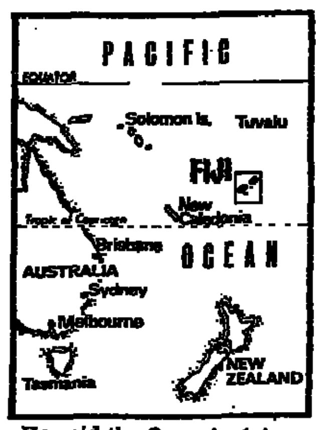
The council includes two senior military officers apart from Col Rabuka, at least six members of the extreme Taukei movement which has backed his intervention, and several members of the government which lost last April's general election.

The only Indian, a woman, has minimal support from her community, and there are no European or Chinese members. Col Rabuka heads Home Affairs and the public service, while the key Finance Ministry is headed by Mr Josua Cavalevu, a technocrat and former diplomat.

Col Rabuka named his team in a nationwide broadcast. He said the interim government would make the necessary changes associated with becoming a republic, complete a new constitution and hold elections.

"The magic about becoming a republic," he declared, was that ethnic Fijians regained their sovereignty and the nation became "truly autonomous". Fiji was shedding forever its "tattered garments for new ones," and would "regain Paradise Lost".

Earlier, Col Rabuka met the press looking tired but behaving as though a heavy burden had been lifted from his shoulders. "There should be no question in anybody's mind," he warned, "about our determination and resolve to continue in this new republican era."



He said the Queen's status as head of state was revoked, the Governor General's post no longer existed and the vestiges of the monarchical relationship would be done away with.

The new constitution would be adopted "once it is ready" and elections would only be held when the environment was "conducive to promoting a stable climate."

On the local press, Col Rabuka said it was free to publish provided "they do so under our oversight". Trade unions would also have to be reformed, and Singapore offered a model "worth emulating".

As for the economic crisis - underlined by a 15.25 per cent devaluation of the currency yesterday, the second such adjustment in three months - "I believe very firmly that the economic crisis is only short term."

To conserve foreign exchange. the Reserve Bank has also halved the travel allowance holidaymakers are allowed to take outside the country. In addition it has told the banks they face punitive action if they fail to keep tight control on credit.

Details of Col Rabuka's Council of Ministers came as a surprise. The most important political post, minister of Fijian Affairs, was given to Ratu Meli Vesikula, an outspoken representative of the Taukei movement, which seeks Melanesian supremacy in Fiji.

In this position he will chair meetings of the influential Great Council of Chiefs, which is expected to convene next week to discuss and perhaps endorse a new republican constitution.

Also on the council are Mr Apisai Tora and Mr Taniela Veitata, both Taukei figures, and Mr Sakiasi Butadroka, whose Fijian Nationalist Party is openly anti-Indian.

Mrs Irene Jai Narayan, the Indian woman appointed to head the new Ministry of Indian Affairs, is as outspoken on the politics of race as her Fijian colleagues. Another woman on the list is the daughter of independent Fiji's first governor general and a Taukei supporter.

Col Rabuka has also given a post to his number two in the armed forces Lt Col Kacisolomone. A keen rugby fan, he was made minister of youth and sport. Mr Filipe Bole is Foreign Affairs Minister.

On the fate of the Governor General, Col Rabuka said Ratu Sir Penaia Ganilau's continued presence at Government House did not undermine the new regime's authority. "It just shows my respect for the person." But how long would the Governor General be allowed to stay? "He can stay there forever," said Col Rabuka.

Neighbours refuse recognition

BY ROBIN PAULEY, ASIA EDITOR

REACTION TO the declaration of a republic in Fiji was swift yesterday with Australia and New Zealand, the two major powers in the region, both refusing to recognise the new regime.

Mr David Lange, Prime Minister of New Zealand, said his Government would suspend aid and military co-operation worth $6.5m a year and not renew sugar agreements favourable to Fiji. He also hinted that New Zealand might break off diplomatic relations with Fiji, although that seems unlikely.

Mr Bob Hawke, the Australian Prime Minister, said he continued to support Ratu Sir Penaia Ganilau, the Governor General of Fiji, who has refused to recognise the regime of Col Sitiveni Rabuka and claims legal executive authority remains with him.

Mr Bill Hayden, the Australian Foreign Minister, said of Col Rabuka's republican regime: "It's illegal. We don't accept it. We may have to consider downgrading the level of representation there, but I think we need to establish first just what the reactions are and what the practical effects are within Fiji."

In London Buckingham Palace was more reticent, saying only that the Queen, who has strongly supported her Governor General's opposition to the coup leaders' plans for a republic, was being kept "closely informed."

Wednesday's proclamation of a republic in Fiji ought to mean that its Commonwealth membership lapses automatically, but Commonwealth officials said they were waiting to see what happened next.

Fiji is certain to be a major talking point at next week's Commonealth summit which begins in in Vancouver on Tuesday.

Sri Lanka's bloodbath drags in India

Robin Pauley sees little prospect for peace as separatists split into smaller more violent factions

ETHNIC MURDER and violence has returned to Sri Lanka on a scale every bit as bloody and indiscriminate as existed before the peace accord signed in July.

The difference is that whereas the four years of violence and 6,000 deaths before July highlighted the impotence of the Sri Lankan Government, army and police force to keep the peace between the majority Sinhalese and minority Tamil communities, yesterday's atrocities put the Indian Government and its army's peacekeeping force in an equally embarrassing position of failure.

The more the two countries try to contain the guerrilla violence the more the guerrilla groups divide and splinter into action units which become more and more dispersed throughout the island's troublespots. In this respect the problems are similar to other insurgencies, whether they be ethnic, religious or political - in Northern Ireland, the Philippines or Central America - in that they have proved impossible to contain through military might alone.

The July 29 peace accord signed between President Junius Jayawardene of Sri Lanka and Mr Rajiv Gandhi, Prime Minister of India, involved a semi-autonomous homeland for the Tamils in a merged northern and eastern province.

Mr Gandhi, who has sponsored the Tamil cause, mainly because he has 50m Tamils in the south Indian state of Tamilnadu, guaranteed the peace by promising to enforce an arms surrender by the Tamil guerrillas and by sending a peacekeeping force of at least 8,000 soldiers and 1,000 paramilitary forces to Sri Lanka. Up to 4,000 reinforcements are reported to be on the way after the latest violence.

Mr Gandhi appeared to have secured an important victory when he won the grudging acceptance of the accord by Mr Velupillai Prabhakaran, the young leader of the Tamil Tigers, who promised that his regional commanders would organise a surrender of arms to the Indian forces.

However, the Tigers have clearly split, with several factions determined to hold out for nothing less than Eelam (liberation). In addition, several other Tamil groups have become violently active again not only to try to scupper the accord and fight on for Eelam but also to settle old scores within the various guerrilla groups.

For example, the People's Liberation Organisation of Tamil Eelam (Plote), the Tamil Eelam Liberation Organisation and the Eelam People's Revolutionary Liberation Front are all rivals of the Tigers. Although the Tigers have traditionally been the most violent they have claimed that Plote has started a "Tiger hunt," ambushing and killing Tiger units and offices. The Tigers also claim that Plote together with the other two groups has formed a joint hit squad named "Three Stars" to try to kill leading Tigers and wrest dominance of the Eelam campaign from them.

So although recent reports have attributed all of the recent atrocities to the Tamil Tigers it is not clear which splinter group or rival guerrilla units have really been responsible for which murders and attacks. The current authority and policy of Mr Prabhakaran, in particular, remains unclear.

What is clear is that most of the Tamil arms have not been surrendered and the Indian Army has not rigorously enforced its promise of a search and confiscate campaign. Some estimates put the proportion of arms handed in as low as 5 to 10 per cent. Arms running is still rampant from Tamilnadu across the narrow Palk Strait separating Sri Lanka from India.

Tamil extremists have now adopted suicide as a tactic - 13 Tigers including two regional leaders died in a mass suicide this week and a Tiger political deputy leader fasted to death last month in protest against the peace accord. In both cases violence followed. The ultimate self sacrifice has a dramatic effect in such conflicts. Bobby Sands and his fellow hunger strikers in Belfast greatly heightened the tension in Northern Irelands with their deaths in 1981 as well as training the world spotlight onto their cause.

It now appears that significant sections of all Tamil guerrilla groups have reverted to a campaign of terror and murder against the Sinhalese and each other. The Indian Army may ultimately have to open fire on the people whose side they were originally supporting. Although it is still early days for the accord, each new atrocity makes it harder to make peace hold. President Jayawardene and Mr Gandhi have each staked a sizeable chunk of their personal and political prestige on the accord. Each new death seriously undermines their joint and individual positions.

Zimbabwe to hire S African locomotives

By Tony Hawkins in Harare

THE National Railways of Zimbabwe has been given permission by the Government to hire 10 diesel locomotives from South Africa to alleviate the acute shortage of traction power on the Zimbabwean system.

However, final approval of the hire agreement depends on a political decision in Pretoria. It is understood that the agreement was reached at official level as Zimbabwe and South Africa do not have full embassies in each other's countries but operate through trade missions.

In the past the South Africans have insisted that such agreements be signed at ministerial level and it was this which resulted in the withdrawal of South African locomotives from Zimbabwe in 1981-82.

The hire agreement follows a NRZ disclosure that more than half of its locomotive fleet is currently off the rails because of a shortage of imported spares. The locos to be hired from South Africa are to be used on the line from Dabuka, near Gweru in the Zimbabwe Midlands, to the border with South Africa at Beitbridge.

Iranians fire on Saudi tanker

BY ANDREW GOWERS IN DUBAI

IRANIAN GUNBOATS fired grenades and rockets at a Saudi bunker fuel tanker yesterday just four miles off the emirate of Ajman, in the closest-ever Iranian attack to the Arab side of the Gulf.

The 21,032-tonne tanker Raad al Bakry was hit as it headed out of the Gulf towards the Red Sea port of Jeddah. Damage was minor and there were no reports of casualties.

The strike, involving three gunboats, was Iran's first in the Gulf since Iraq's punishing air raid on five oil tankers at the Iranian oil terminal of Hormuz on Monday. It was also the first reported Iranian attack on a Saudi vessel since March. The Saudi Government has been taking a tough line against Iran since the riot by Iranian pilgrims in the holy city of Mecca at the end of July.

However, the main significance of yesterday's raid lay in its proximity to the coast of the United Arab Emirates, of which Ajman is a member. Although it was outside what Ajman claims to be its territorial waters, it was well within the 12-mile limit which coastal states normally enforce. The UAE has been considering whether to declare a general 12-mile limit, and the Iranian attack may be seen as a direct challenge to the country's authorities.

With tension still high in the Gulf, merchant shipping which does not enjoy the protection of any of the Western navies there now appears to be forming itself into makeshift convoys to move in and out of the waterway. One such group of 12 vessels was spotted yesterday off the coast of Sharjah, another UAE member. Many of them were probably Japanese, since Japan has just ended a temporary ban on sailings into the Gulf.

In Tokyo yesterday, the Japanese Government announced it would provide an advanced ship-tracking system to help naval forces protect shipping in the region, and promised to increase its contribution towards the upkeep of US forces in Japan in a bid to offset the cost of America's Gulf operations.

Australia to ease airline restrictions

AUSTRALIA unveiled a policy on domestic airlines yesterday which aims to remove restrictions on air fares and routes over the next decade, Reuter reports from Canberra.

Mr Gareth Evans, the Transport and Communications Minister, told the Senate the policy would replace a two-airline agreement in October 1990, after the required three years notice. The current agreement restricts main domestic routes to government-owned Australian Airlines and privately-owned Ansett Airlines of Australia.

Australia's national carrier, state-owned Qantas, would be allowed from next July to carry passengers with international tickets on domestic routes, Mr Evans said. Other international carriers would not be given the same privilege.

The changes would pave the way for increased competition and could mean lower air fares and greater efficiency, Mr Evans said.

Mr Evans's announcement increased speculation within the industry that the Government might be planning to privatise Qantas.

HK Governor dampens election hopes

By David Dodwell in Hong Kong

ADVOCATES in Hong Kong of direct elections next year to the territory's Legislative Council drew little comfort yesterday from a speech by Sir David Wilson, Hong Kong's Governor, in which he promised the Government would take "full account" of public views on democratisation, but would have to give equal regard to "other relevant factors".

In the speech, which comes just a week after the end of a four-month public debate on political reform in which a specially-created survey office received over 130,000 submissions, Sir David insisted that he would not attempt to pre-judge the contents of a survey office report on reform.

The Hong Kong Government has found itself under extreme pressure during this debate, since many advocates of early elections have claimed the administration will ignore what they regard as overwhelming local support for elections in 1988.

Chinese officials in the territory have made clear Peking's opposition to such elections, and many have suggested that the local administration does not dare to invite a showdown on the issue.

Foreign experts aid Brazil over radiation leak

BY IVO DAWNAY IN RIO DE JANEIRO

FOREIGN EXPERTS on radiation contamination were flying into Brazil yesterday after an urgent government appeal for international aid following atragic leakage of highly toxic caesium-137.

Details of the country's worst radiation disaster emerged last week when it was revealed that a scrap-metal dealer had broken open a canister found in radiotherapy equipment. The lead-encased container had been left in an abandoned medical clinic in Goiania, 200 kilometres south-west of Brasilia.

So far some 58 people are known to have been contaminated by the radioactive powder that was found inside the cylinder. Adults and children, it has been revealed, had played with the glowing caesium before rapidly developing painful burns.

As officials of the Brazilian Nuclear Commission (CNEN) continued an emergency search to track down all sources of the contamination, experts are predicting that several of those in contact with powder have little hope of survival.

Ten victims have been flown to Rio de Janeiro for treatment and are said to be in a grave condition. They will be examined by Dr Clarence Lushbaugh, a specialist from the US National Laboratory at Oak Ridge, Tennessee, who flew in to the city yesterday.

Doctors and scientists from the Soviet Union, Israel, Argentina and West Germany have also responded to a call from the International Atomic Energy Agency for urgent assistance.

Meanwhile, thousands of Goiania residents in the 13-city locations where radiation tracts have been found are undergoing medical tests. Mr Rex Nazare, the CNEN president, has insisted, however, that the danger is past.

"There is no risk of further contamination," he said. "The situation is under control."

Despite these assurances, residents fear that further toxic material may yet be undiscovered. There is also mounting opposition to a temporary plan to house the waste in a specially built concrete bunker some 15km from the city.

Mr Henrique Santillo, the Goias state governor, has insisted that it must be removed within a year to prevent the state becoming by default a national dumping ground for radioactive materials.

As an inquiry into the accident begins, newspapers have reported that two similar caesium containers have been found in Sao Paulo and Recife under equally inadequate supervision.

● President Jose Sarney was expected to announce a cabinet reshuffle on nationwide television and radio last night.

The ministerial changes - unrelated to the Goiania accident - follow successive rows over the allocation of responsibilities between the centrist Democratic Movement Party (PMDB) and the rightwing Liberal Front (PFL).

Placemen join stampede to hail the 'born leader'

David Gardner in Mexico City describes the serious job for aspiring servants of the country of winning patronage from the man likely to succeed President de la Madrid

IT IS KNOWN as *la cargada de los bufalos*, "the charge of the buffaloes," a stampede of placemen and women to be among the first to congratulate whoever is "unveiled" by an incumbent Mexican president as his successor.

The "unveiling," or *destape*, is the most important rite in Mexican public life and the stampede is such an integral part of it that it is nerve-wrackingly unclear whether it starts before or after the President reveals his choice, as Sunday's confused events showed.

Though amusing to students of political folklore, *la cargada* is deadly serious to its participants, for whom jobs in the next six-year long administration are at stake.

On Sunday, when Mr Carlos Salinas de Gortari, the then Planning Minister, was chosen by President Miguel de la Madrid as the standard-bearer of the Institutional Revolutionary Party (PRI), it was physically dangerous to be in its path.

Not a dignified affair, it has its origins in the system of patronage which riddles all of Mexican public life except the two entities with a civil service tradition, the Bank of Mexico and the Foreign Ministry.

At its inner core are the compact, pyramid-structured factions in which the leader, in return for often abject loyalty, guarantees employment and promises preferment.

La Cargada has two interlocking functions within this system. First, it furnishes an opportunity for the losing or uncommitted factions to repair their error. (A famous PRI quasi-biblical refrain gives a jocular definition of mistakenness: "to live cut off from the budget is to live in error.") Second, it fosters the image of disciplined and monolithic unity which the PRI holds as its main operative virtue.

The president's decision was to have been delivered on Sunday morning through the leaders of the "three sectors" (trade unions, peasantry, and the so-called "popular" sector which press-gangs anyone in any sense beholden to the state, from bureaucrats to beach vendors).

Early on Sunday, the packed thoroughfare to the PRI was lined with banners such as "Puebla backs..." (space left blank), and, more cannily, "Michoacan hails the candidate of the Revolution."

The latter was visible at 9.30am. By 10.30am the Michoacan delegation had deftly unveiled a huge banner with Mr Salinas' name painted on. Back home in Michoacan, however, according to the correspondent of the centre-left daily La Jornada, the leadership had not been so prudent, and rapidly had to draw a substantial veil over a 12-metre high banner it had ordered, acclaiming Mr Alfredo del Mazo, the Energy Minister, the 39-year old Planning Minister's main rival.

Mr del Mazo himself, fiercely ambitious, has a well-deserved reputation for being impetuous. Never did he go more comprehensively over the top than early on Sunday morning, when, many analysts here believe, he was the protagonist of another great set piece from Mexican political tradition, the *madruguete*, the substantive of the verb meaning to get up early.

About 8.30am he came on a popular radio programme to congratulate Mr Sergio Garcia Ramirez, the Attorney-General, on having won, leading listeners to believe that Mr de la Madrid had indeed chosen this distinguished jurist, whose revolutionary merits were trumpeted over the airwaves for two hours.

To upbeat background music, the correspondents and pundits of Radio Mil, the offending station, busily explained to a perplexed public why it was perfectly obvious that the Attorney-General was the only possible choice, as the new *jefe nato* (born leader) of the 70-year-old Revolution.

The *cargada* swirled and charged off to Mr Garcia Ramirez's house, followed by a senior PRI delegation, a crew from the state-owned Channel 11 television and the Secretary of State for Fisheries, Mr Pedro Ojeda Paullada.

The Attorney-General clearly knew better and with great dignity kept silent until Mr Salinas was properly unveiled at 10.04am. Mr Garcia Ramirez had in fact been mooted as a compromise candidate in the event that the trade union bureaucracy, whose octogenarian overlord, "Don Fidel" Velasquez, backed Mr del Mazo, could not be persuaded to accept Mr Salinas.

One of Mr del Mazo's senior aides insists that his boss had merely misinterpreted "the ritual signs" and been misinformed by "reliable sources". Though the Energy Minister joined the queue to embrace Mr Salinas sometime after mid-day on Sunday he has not dispelled the impression that his action was a petulant response to losing. Most analysts are consigning him to political oblivion, divided only on whether error or pre-meditation is the greater crime.

The second lingering impression is that Don Fidel, who tried to pull a *madruguete* in the governorship race in neighbouring Morelos earlier this year, connived in the manouevre. Traditionally the regime's second most powerful figure and part of the explanation for its staying power, he left Sunday's *destape* rally when Mr Salinas started to speak.

The theme of the young Planning Minister's speech was that he was leading a new generation to power, an assertion which remains to be fleshed out but which was undoubtedly dramatised by Don Fidel's exit.

More realistic car prices likely in Brazil

by Ann Charters in Sao Paulo

AUTOLATINA, the holding company for Ford and Volkswagen in Brazil, resumed domestic car sales before meeting President Jose Sarney and Mr Luiz Carlos Bresser Pereira, the Finance Minister, on government price control of the industry which the company says is decapitalising the sector.

The company suspended car deliveries to its dealers last week in a dramatic move to protest against a less than satisfactory price increase of 10.84 per cent from the Government when car makers had presented cost analyses that they said required a 30 per cent increase.

Although there were no immediate changes in government policy following the meeting with the Mr Wolfgang Sauer, president of Autolatina, Finance Minister Bresser Pereira agreed that there was a lag in price adjustment to rising costs and that the difference should be recuperated gradually.

Industry analysts expect the Government to consider reducing value added taxes on cars, now about 50 per cent of the retail price, to 28 per cent, to make more realistic price adjustments and to eliminate difficulties with imports linked to car production.

In return a protocol signed between car manufacturers and the previous Finance Minister, Mr Dilson Funaro, and to date not recognised by Mr Bresser Pereira, could continue to be honoured by manufacturers.

In the protocol car manufacturers agreed to export $7.2bn, resulting in a commercial surplus of $4.5bn for the industry after imports, and to invest $1bn before the end of 1989.

With a reduction in government taxes and increased prices for manufacturers, vehicle retail prices could remain relatively unaltered, thereby not further depressing domestic sales. Vehicle sales for the first nine months of the year were 414,847 units, down 39 per cent compared to the same period last year and the worst domestic sales performance since 1972.

Exports are ahead 88 per cent in volume at 264,762 vehicles to September and up 60 per cent in value at US$1.98bn, despite industry complaints that the cruzado-dollar exchange rate is overvalued.

Ortega welcomes foreign investment

NICARAGUA'S President Daniel Ortega said yesterday more than 60 per cent of his country's economy was in the private sector and he welcomed foreign investment, reports Reuter in New York.

Mr Ortega, in New York to address the UN General Assembly today, told business leaders that 53 multinational companies - including 40 from the US - were doing business in Nicaragua.

He called on businesses to help Nicaragua meet economic challenges posed by six years of civil war and the Reagan Administration's opposition to the leftist Sandinista government in Managua.

'Nicaragua never has and never will pose a threat to the security of the United States,' Mr Ortega said.

'However, the current US Administration has threatened the security that our people are entitled to. The development model that Nicaragua peacefully proposes will also not threaten the national interests of the United States,' he said.

Mr Ortega told the business group he was sponsoring a bill in the Nicaraguan National Assembly to regulate foreign investment.

'Nicaragua needs foreign investment because that brings technological and financial know-how to the country,' he said.

Nicaragua's development model, Mr Ortega said, included nationalisation of main export industries and strategic imports, and changes in landholding practices, with overall state guidance.

'It is necessary to recognise that the market forces alone cannot resolve the situation, given the number of flaws that our economies have inherited from underdevelopment,' he said. Lack of understanding of Central American economies had caused the failure of many Reagan Administration foreign aid programmes, he added.

'There have been attempts to make aid contingent upon maintaining structures that are already obsolete. What is really needed is a more creative analytical approach based on respect,' he said.

Because of US financial and trade embargoes, Mr Ortega said, Nicaragua had had to learn to diversify its foreign trade.

At the end of 1986, 63 per cent of its international trade was with Western Europe, Japan and Latin America, he said.

'The remaining 37 per cent was with countries in the socialist community who have facilitated credit to enable us to acquire energy products, industrial outputs and equipment,' Mr Ortega said.

Operating satellites 'are 49% military'

THERE are 337 functioning satellites orbiting the earth and nearly half are on military missions, according to a group of scientists, AP reports from Cape Canaveral.

The Soviet Union has 146 operating satellites and the US 129, while the remaining 62 are owned by 13 other nations and international organisations.

The Federation of American Scientists released the report this week in connection with the 30th anniversary of the world's first man-made satellite, the Soviets' Sputnik 1, launched on October 4 1957.

Of the 337 orbiting satellites, 165, or 49 per cent, are military, the report said.

The report said that two-thirds of the Soviet satellites and more than half of the American payloads have military assignments such as reconnaissance, navigation, electronic intelligence gathering, ballistic missile warning and communications.

"This clearly demonstrates the military space priorities of the United States and Soviet Union," said Mr John Pike, the federation's associate director for space policy who prepared the report. "I'm disturbed by the priorities it shows."

Where only big quakes cause a shudder

BY LOUISE KEHOE IN PASADENA

A PICTURE on the wall sways gently as Steve Bryant, a seismic analyst at CalTech in Pasadena, California, describes how scientists measured the earthquakes that have rocked Los Angeles over the past few days.

Nobody takes any notice of the swaying picture, or the slight motion underfoot. Aftershocks of last week's 6.1 quake have become a way of life, it seems, in west Los Angeles. Only the big tremors, measuring three or more on the Richter scale, gain much attention.

But evidence of the destruction wrought by last week's quake, and the 5.5 aftershock that hit in the early hours of Sunday morning, lies right outside the doors of the CalTech seismology lab. Two handsome clapboard homes across the street have lost their brick chimneys. One is a pile of rubble on the pavement.

Throughout the region, cracked chimneys and boarded up windows provide more reminders of the quake. What is even more striking, however, is the uneasy calm as residents begin the clean-up process. The question on everybody's lips is, 'Is it over?' Could there be more damaging tremors in store for Los Angeles? The answer is probably "yes" according to the CalTech seismologists. "There is a fairly good chance of a point four or greater shock in the next few days or weeks,' says Mr Bryant. Or we could have a couple of threes, he predicts.

Such tremors would not normally cause major damage, but to the already weakened buildings around the epicentre of last week's quake, they could be the final blow.

For hundreds of people who have left their homes to sleep in Red Cross emergency centres and thousands more who camp out in parks and open spaces, strong aftershocks would also be devastating.

At the CalTech seismology lab, however, which has been the nerve centre of earthquake information over the past few days, nobody has had time to be afraid.

While others view the quakes as a major disruption, the scientists are excited by an unprecedented opportunity to gather huge quantities of quake data. Ultimately, their goal is to develop earthquake prediction methods that might help Los Angeles avoid the destruction of a massive quake on the infamous San Andreas Fault, which they feel is almost sure

Siemens in Argentine telecom row

BY TIM COONE IN BUENOS AIRES

A ROW is brewing in Argentina over a $160m contract about to be signed with Alcatel-CIT, the French telecommunications company, to instal 22 digital telephone exchanges in Buenos Aires.

The contract is to be 55 per cent financed by the French government, the remainder being supported by a group of French and US banks utilising the proposed debt capitalisation scheme.This is a countertrade agreement organised through the Bank of America, and part of the on-lending tranche which remains from a previous debt renegotiation package.

The French government loan will be repaid over 13 years with a four-year grace period, and carry an annual interest rate of 8 per cent.

Opposition to the project is being voiced by Siemens of West Germany, which complains that the contract has been not put out to international tender, which it believes it could win, and that the Argentine telecommunications market is not big enough to support another competitor.

Siemens and NEC of Japan, in partnership with local companies, share the market, which is expanding at 200,000 lines per year. There are approximately 2.6m telephone lines in Argentina, 90 per cent of them operating through old electro-mechanical exchanges, and many of these using obsolete technology. Siemens occupies 50 per cent of the local digital communications market manufacturing its EWSD switchboard systems through its local company Equitel.

Mr Michael Ritter, a spokesman for Siemens said that 60 per cent of its turnover in Argentina came from the manufacture of telecommunications equipment and that the introduction of a third company, with different technology, would create overcapacity and overstretch the ability of the state telephone company ENTEL to deal with the demands placed upon it.

Such arguments however are dismissed by Mr Jorge Garfunkel, the vice-president of IATA, the local partner of Alcatel, which will manufacture the new exchanges if the project is finally approved. He said: "We have only a third to a quarter of the number of telephones per capita as there are in Spain or France. There is a great potential for growth and space for competition. Our exchanges will be 25 per cent cheaper than those offered by Siemens."

He added: "The contract was offered on the basis of five conditions, that there will be no tax or fiscal incentives, that it will provide the same degree of local integration as existing companies, that it will be a closed project for this one contract only, that it will be cheaper than the equipment offered by other companies and that it will have to be financed by the contracted party."

Under Argentine law, such contracts do not automatically have to be put to international tender, and indeed many public sector projects are linked directly to the source of financing available.

Clark visit boosts UK hopes of big Soviet deal

By Peter Montagnon, World Trade Editor

UK officials are hoping for progress on a £250m contract to provide the Soviet Union with a factory automation equipment plant when Mr Alan Clark, Trade Minister, visits Moscow next week for a regular meeting of the UK-Soviet joint economic commission.

A letter of intent to build the programmable logic controller plant at Yerevan in Armenia was signed by a consortium involving Simon Carves and GEC when Mrs Thatcher visited the Soviet Union in the spring, but the order has not yet been firmed up.

Mr Clark is expected to argue in Moscow that finalisation of the order would serve as a signal of concrete intention by the Soviet Union to boost its trade with Britain.

The Soviet Union, which signed a major financing protocol with the Export Credits Guarantee Department earlier this year, has long been seeking a significant increase in its two-way trade with Britain. UK exports have, however, been flagging this year and British companies have been slow to take up fresh joint venture opportunities there.

During the first eight months UK exports to Soviet Union fell 10 per cent to £346m, although imports rose 26 per cent to £525m, largely due to the higher oil price.

The euphoria which followed the ECGD credit and Mrs Thatcher's visit has begun to subside, especially since the summer when Davy McKee and West Germany's Uhde lost a $600m polyester plant contract to the Japanese.

A major order at this stage could revive UK exporters interest, officials believe, although confusion remains about the extent and duration of Soviet economic reforms.

New hopes are also being pinned on some non-traditional areas like financial services. The Invisible Exports Council is to send its first ever mission to Moscow in December.

UK figures show that cereals and cereal preparations remain Britain's largest export to the Soviet Union, accounting for between one third and half the total.

Gatt to set up dispute panel over US fibre ban

BY WILLIAM DULLFORCE IN GENEVA

THE GATT Council yesterday agreed to set up a disputes panel to hear a complaint by the European Community against a US ban on imports of aramid fibres produced by Akzo, the Dutch synthetic fibre producer.

At the same time, the EC temporarily warded off a US request for a panel to examine a Community directive setting standards for meat imports.

The fibre case centres on a battle over patents between Akzo and Du Pont, the US chemicals group, which has been going on for more than 10 years.

Du Pont claims that Twaron, an aramid fibre made by Akzo, infringes its patent rights on its own Kevlar fibre. Aramid fibres, which are lightweight, heat-resistant and stronger than steel, are widely used in armaments and telecommunications. The world market is estimated to be worth some $1bn a year.

The EC is not concerned with the patents dispute but is challenging the US right to ban imports from Akzo under Section 337 of the 1930 Tariff Act. This allows the US authorities to ban products deemed to "destroy, . substantially injure or prevent the establishment of domestic industries."

In the EC view, use of this law to ban imports contravenes Gatt's Article III, which stipulates that national regulations should not be applied to protect domestic producers.

With a plea that there had not been enough time for bilateral consultations, the EC succeeded in persuading the council to postpone until its next meeting a US request for a disputes panel on a EC Commission directive laying down slaughter-house standards for imported meat. The directive comes into force on January 1.

Tim Dickson in Brussels on the EC Commissioners' new policy

Farm cuts 'will restore markets'

THE EUROPEAN Commission yesterday claimed that its new proposal for a "two step" reduction in global farm supports would help restore the long term balance of agricultural markets.

But whilst Mr Frans Andriessen and Mr Willy de Clercq, respectively the EC Agriculture and External Relations Commissioners, both called for "an end to the subsidies race" they would not be drawn on the question of how quickly or how extensively the plan should be carried out.

The two commissioners, who were outlining the Community's proposed negotiating position for the forthcoming Uruguay round of the General Agreement on Tariffs and Trade, nevertheless specifically rejected President Reagan's plea for a phasing out of all agricultural subsidies by the end of the century.

The Americans will hardly be surprised at that but they are bound to express considerable concern at the commission's intention - confirmed yesterday by Mr Andriessen - to impose new limits on EC imports of cereals substitutes through a reinforcement of the Community's external protection regime (widely assumed to mean higher tariffs).

This point is also bound to create friction at the meeting in Luxembourg in 10 days time of EC Foreign Ministers, who will be asked to endorse the mandate in preparation for the first meeting of the Gatt agriculture working group at the end of the month. In a clear effort to put pressure on the member states Mr Andriessen said yesterday that any delay could put the EC at a disadvantage in the talks.

The momentum for an international push to reduce global agricultural support started with the statement of intent at Punta del Este last September (the formal launch of the Uruguary round) and has accelerated this year with ringing declarations of intent at the Venice Summit and in the context of the OECD.

The US, meanwhile, raised the temperature in July with its call for a phased abandonment of agricultural subsidies, a dismantlement of import barriers and the harmonisation of health and safety requirements which meant that all eyes have been on Brussels watching for the Commission's response.

The policy stance is divided into two steps - one "short term", the other "long term". The thrust of the short term phase would be urgent international co-operation to restore balance in the sectors suffering from the worst surpluses, notably milk, sugar, and cereals. The commission yesterday indicated that this might include price discipline in the cereals sector "and corresponding arrangements for cereals substitutes".In addition, there would be disciplines for reducing the amounts of sugar on the world market and at least maintaining access to traditional import markets and the respecting by non-members who are large producers and exporters of the rules of the International Dairy Arrangement.

Frans Andriessen: heading for friction

This first phase would also include "other measures designed to promote in a concerted way a better balance between supply and demand", including reductions in support. The commission made clear yesterday that while it accepted in principle the relative measures of farm support in producing countries refined by the OECD which might be used in this exercise, it had reservations about the detail. With this in mind it also emphasised that global reforms since 1984-85 - conveniently the year when the first significant changes to the Common Agricultural Policy were introduced - should be taken into account in the calculations.

Mr Andriessen admitted that quantative restrictions on the level of cereal substitutes would form part of the first phase - a demand hidden in the somewhat ambiguous commitment to "a rebalancing of external protection in agricultural sectors characterised by structural surpluses." Officials say that this could mean tariffs for corn gluten feed and other cereals substitutes which currently enjoy free entry into the Community.

The "second stage" in the proposed process would involve a "progressive reduction" in support, in conjunction with this "rebalancing" of the external barriers. This double action, the commission claims, would permit a rebalancing of internal production for the participating countries and would "substantially" reduce the incentives for non-market orientated production.

Airbus Industrie secures $1bn of aircraft orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS Industrie, the European aircraft consortium, announced yesterday that it had won orders worth nearly $1bn.

North West, the big US international airline, revealed that it had converted into a firm delivery deal an order for another 15 Airbus A-320 150-seater airliners, worth an estimated $500m, bringing its total planned deliveries by the early 1990s to 25 aircraft.

Some time ago, North West signed an agreement to buy up to 100 A-320s, to be delivered in batches, with an initial 10 for delivery by 1990. These will now be delivered in 1989.

Nine of the additional aircraft now being allocated to North West are A-320s originally destined for Australian Airlines. This purchase has been deferred because of big changes in Australian domestic aviation, and pressures on the airline's costs.

A Brussels news agency yesterday claimed that Sabena, the Belgian airline, was buying five of the new long-range four-engined A-340-300 airliners, formally launched earlier this year, worth an estimated $350m. Delivery is set for 1993-94.

Airbus confirmed that Korean Air Lines was buying two Airbus A-300-600R twin-engined short-to-medium range airliners, worth an estimated $60m, for delivery at end-1988.

Greece in deal to buy Soviet natural gas

By Andriana Ierodiaconou

GREECE yesterday signed an agreement to buy Soviet natural gas to be piped via Romania and Bulgaria.

The cost of the project, including construction of the pipeline and a natural gas distribution network within Greece, is estimated at $1bn. Gas supplies are due to start in 1992.

Talks will now be held on the details of the project, including the price.

According to the ministry's plans the Soviet pipeline project together with a contract for gas from Algeria will provide Greece with 1.2bn cubic metres of gas fuel in 1992.

Foreign investment floods into S Korea

FOREIGN investment in South Korea has more than doubled to $772m in the first nine months of this year compared with the whole of 1986, according to the Ministry of Finance, writes Maggie Ford in Seoul.

Japan accounted for the largest share, investing $309m in 165 projects, with the US second. American companies invested $219m in 67 projects, compared with $125m last year.

European interest in South Korea has widened with investors increasing their stake from $63m in 1986 to $153m in the first nine months of this year to reach almost 20 per cent of total foreign investment.

The electronic sector attracted the biggest share of investment, at $178m. It was followed by refining and petrochemicals, tourist hotels and machinery.

The figures reflect Seoul's efforts to diversify its trade relationship away from export dependence on the US and import dependence on Japan.

Investment abroad by South Korean companies has also increased this year following the relaxation of investment rules. Most companies have tried either to localise production in existing markets to escape protectionism or to develop markets in areas such as south-east Asia.

Investment in natural resource projects has also been encouraged by the Government. Outward investment reached $279m in the first six months of this year, up 56 per cent over the same period last year.

Changes to youth training proposed

By Philip Bassett, Labour Editor

THE GOVERNMENT'S Youth Training Scheme is highly effective in helping place young people in work - but many taking part are being trained in skills which are not in short supply in the labour market.

These are among the conclusions of a study of the economic effects of the scheme carried out for the Department of Employment by Cambridge University's applied economics department.

It looked at 256 establishments and companies in eight industries, which together account for 22 per cent of employment in Britain, but 59 per cent of all main YTS placements. Nearly 400,000 people are currently taking part in YTS projects.

Among the study's principal findings are:

Employment: Ninety-five per cent of YTS trainees move into work, with 67 per cent being employed in the companies which provided the YTS places. The Employment Department said those findings indicated clearly that trainees were "very successful" in obtaining jobs after leaving the scheme.

Skills: Almost 50 per cent of YTS trainees, especially in retailing, hotels and clerical work, are being trained for skills which are not generally in short supply.

Training: The scheme has had a positive effect on the training programmes of a large number of companies in which it has been operating, especially in engineering, retailing and hotels.

Output: YTS trainees do produce some economic benefits for the companies - up to £39 per week for shop assistants - but the effect is much lower where more skills are required.

Hurd announces crackdown on sale of offensive weapons

Watchdog for TV, radio violence

BY PETER RIDDELL AND RAYMOND SNODDY

A BROADCASTING standards council is to be set to handle complaints about violence and sex on television and radio. It will be separate from programme makers and will also keep an eye on developments in video, on cable and in satellite broadcasting.

Details of the council's terms of reference were given by Mr Douglas Hurd, the Home Secretary, at the Conservative Party conference at Blackpool yesterday.

He was speaking during a law and order debate in which he also announced new measures to restrict the carrying and sale of knives and other offensive weapons and to give the appeal court the power to increase criminal sentences referred to it by the Attorney General for being unduly lenient.

During the debate there were several loudly applauded calls for the restoration of capital punishment which Mr Hurd countered by accepting an amendment urging that the issue should be considered again in an early parliamentary debate.

This was regarded as a victory by many supporters of capital punishment, although the amendment was arranged with the connivance of Home Office ministers in the knowledge that such a proposal is almost certain to be defeated again by MPs.

The Broadcasting Standards Council, forshadowed by Mr Hurd last month, will have a wide remit but limited statutory powers.

It will be able to receive complaints about taste, decency and violence on all forms of television, radio, cable and satellite broadcasts" receivable in the UK." It will also be able to express general views about videos without duplicating the work of the British Board of Film Classification.The only statutory power the Council is likely to have is the right to require broadcasters to publicise its findings on individual programmes.

Apart from taking up general and specific points with broadcasters, the council, which is likely to be Government-funded, will initiate studies and research on programme standards and their effect on society.

Mr Hurd stressed that the constitutional and editorial independence of the broadcasting authorities would not be affected. The council would not take over the authorities' existing responsibilities for enforcing broadcasting standards.

Mr Hurd said the council would be created as a statutory body as soon as parliamentary time could be found. He wanted it up and running with the least possible delay.

The existing Broadcasting Complaints Commission will continue to deal with complaints about unjust treatment and the invasion of privacy, though the relationship between it and the new council is under consideration and will be determined within legislation at a later date.

In his speech, Mr Hurd did not refer to the possible removal of the right of silence from defendants. A final decision has yet to be taken on this. But he did confirm the intention to give the appeal court power to increase sentences with a time limit of 28 days after the original sentence had been passed to make such an application for referral.

The tough new measures on offensive weapons will make it an offence for a person to have in a public place a bladed or sharply pointed instrument without good reason, though people who carry ordinary penknives will not be committing an offence.

Mr Hurd also said he would be seeking to take powers in the Criminal Justice Bill currently going through parliament to make it an offence to manufacture, sell, lend, give or import weapons such as knuckledusters, belts, buckles, knives and some martial arts weapons.

The Law and Order debate threatened to be the most heated of the conference though by comparison with similar debates in previous years, the temperature was lowered as a result of a careful selection of speakers by the platform

Competition pledge over electricity sell-off

BY OUR POLITICAL EDITOR

THE UK ELECTRICTY industry will not be privatised as 'one vast monolithic corporation' and competition will be introduced into the power generation side of the business, Mr Cecil Parkinson, Energy Secretary, said yesterday at the conferencee.

His commitment to 'competition and customer protection' were the most explicit so far given about the future of the industry. After talks last month by a group of senior ministers, three options are now being considered in detail for submission to the Cabinet at the turn of the year. Legislation will follow in the 1988-89 parliamentary session.

Mr Parkinson said he was determined to introduce "as much competition as possible" for the industry. He distinguished the different aspects of supply, generation and transmission.

Acknowledging that electricty supply would remain a natural monopoly he said he was at present examining "radical new ideas for guaranteeing better standards of service." These included proposals for rebates and vouchers for customers who received service that fell short of agreed standards. He later gave the example of providing a voucher to someone when a repair or maintenance service was a day or two late.

He noted that the cost of electricty supply was only 20 per cent of the customers' bill with the remaining 80 per cent coming from generation and transmission. He emphasised that "there is no natural monopoly in generation and there is no justification for monopolistic practices in tranmission."

Later in his speech Mr Parkinson warned the National Union of Mineworkers against taking on the Government over the coal industry disciplinary code. He said: "You didn't win last time and you won't win next time."

Apart from Mr Parkinson, who was making his first conference address for four years, the warmest reception of the day was given to Mr Kenneth Baker, the Education Secretary, for his speech outlining his plans for reorganising the schools system.

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IN BRIEF

Profit link plans get cool reaction

GOVERNMENT proposals for profit-related pay schemes are likely to be taken up by only one in four companies, according to a survey by the Industrial Participation Association, writes our Labour Editor.

The survey findings are likely to prove disappointing to government ministers because the companies surveyed are likely to favour some form of employee financial participation.

When asked whether they would modify an existing scheme, or introduce a new one in line with the plan for PRP schemes under which a particular proportion of pay is linked to profits in return for employee tax incentives - only 26 per cent said that they would do so.

Tourism rises

A RECORD 1.93m tourists visited Britain in July, up 15 per cent over the same period last year. North American tourists were 44 per cent up on their July 1986 numbers - depleted then because of terrorism fears.

Chinese hear BBC

BBC broadcasts are being heard clearly for the first time in north and central China. Until the two new Hong Kong-based 250kw transmitters began beaming programmes in Chinese, English and Japanese last week, BBC listeners in Peking and Shanghai found programmes from London were being drowned out by Radio Moscow and Voice of America.

Cruise paint protest

ANTI-NUCLEAR demonstrators employed a new weapon to try to stop a cruise missile convoy at Greenham Common, Berkshire. Protestors, using paint-filled fire extinguishers, sprayed several vehicles and guards before they were hustled away.

TUC head for Moscow

TUC General Secretary Mr Norman Willis arrives in Moscow today to join other international trade union representatives for a meeting with Soviet leader Mr Mikhail Gorbachev.

No slow starter

BRITISH businessmen are rushing to fill a large shortage in the French food industry — snails. They plan to open a snail meat processing plant and have formed a 90-member Britsnail organisation to fill the gap left by the annual shortage of French snails.

Murdoch staff seek union recognition

By Our Labour Staff

TRADES UNION CONGRESS leaders will this week meet employees at Mr Rupert Murdoch's News International plant at Wapping, east London to discuss a union structure.

Leaders of five print unions yesterday agreed on the move after a ballot of Wapping staff showed a majority in favour of being represented by a union other than the EETPU electricians, which helped to recruit the plant's workforce.

After the vote, the plant's salaried staffs' council asked the TUC formally for assistance on unionisation.

The TUC's talks with the Wapping employees are being seen as exploratory, partly because few union leaders have a clear idea, given NI's attitude towards union recognition, about how to take the unionisation issue forward, and partly because the TUC does not want to be seen giving too much creedence to the staff council.

The TUC said after the meeting yesterday that while this approach was being made, the unions involved should not make any separate contact with the staff council, or the company, on recognition.

Hopes rise in fire dispute

BY CHARLES LEADBEATER, LABOUR STAFF

HOPES OF a settlement to the South Wales Fire Service dispute rose last night after the Fire Brigade Union and West Glamorgan County Council held lengthy talks with Acas, the conciliation service.

The two sides jointly met Acas officials in the afternoon after separate exploratory discussions in the morning. Officials said enough progress had been made to persuade both sides that an agreement was possible.

The dispute, which came to a head on Monday, has brought 35-year-old army fire engines into action for the first time since the national fire strike of 1977.

It is thought that a settlement to the dispute, over plans to reorganise the service, could hinge on the Home Office's assessment of the proposals.

Siemens to create 600 jobs in £15m project

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

SIEMENS of West Germany, Europe's largest electrical and electronics group, is stepping up its expansion in the UK with the creation of 600 jobs at a new development centre in Manchester.

The £15m project follows rapid growth in the group's activities in Britain during the last two years. In this period its turnover has risen from £170m to £230m and employment increased to 3,000 throughout the country.

Siemens said yesterday that the decision to develop the site in Manchester was caused by the steady increase in manufacturing at the group's Congleton plant in Cheshire.

Until now, the Congleton plant has embraced both production and design facilities for the company's energy and automation division, which makes factory automation and energy measurement equipment.

Designers amd software engineers working on these systems will in future be located at the Manchester building, leaving Congleton as a pure production centre.

Siemens' decision was welcomed yesterday by Mr Graham Stringer, leader of the Labour-controlled Manchester council, who said that the investment would bring "high-quality" jobs to the city.

The council's education officer would be working with the company to help to create a pool of suitably trained engineers for the jobs that would be coming available, he said.

The Manchester facility will comprise offices, laboratories, a service centre and a customer training school, and will employ 900 people. Of these, however, 300 are expected to transfer from similar employment at Congleton, which currently has a workforce of 800.

Siemens' development of its automation division follows a familiar pattern in the group's overseas growth, which usually starts with direct sales from West Germany, followed by local manufacturing.

The company already has other manufacuring sites in the UK, notably its FML energy meter plant at Oldham in Lancashire.

However most of the other plants, making items such as equipment for sound studios and hearing aids, are small establishments as yet.

Nevertheles, the group has ambitious plans for further investment in the UK, aimed at pushing up sales to about £500m by 1990.

To achieve this target, it is attempting to expand on several fronts, including medical electronics, electronic components, and computers and communication equipment.

Labour plans to divide Tories

BY TOM LYNCH

LABOUR LEADERS will try to drive a wedge between Mrs Margaret Thatcher, Prime Minister, and Mr Kenneth Baker, Education Secretary, as part of a campaign against the Government's proposals to allow schools to opt out of local-authority control.

At the end of a two-day strategy discussion in Rottingdean, Sussex, the shadow Cabinet backed Mr Jack Straw, shadow Education Secretary, in his plan for a campaign to convince voters that the education plans were "a sham and a confidence trick."

Mr Neil Kinnock, party leader, in an upbeat assessment of the meeting, highlighted education and the attack on the proposed community charge, or poll tax, as central features of Labour's plan of campaign in the new parliamentary session, which begins on October 21.

Shadow ministers also discussed crime and policing. Mr Roy Hattersley, shadow Home Secretary, mapped out a campaign to convince voters that Labour was the natural party of law and order because the ordinary people it sought to represent were most likely to be the victims of theft and violence.

Mr Straw outlined a plan to embarrass Mr Baker by highlighting apparent differences of emphasis between him and the Prime Minister which Labour feels the Government has failed to resolve since it announced the proposals during the election campaign.

Speaking to reporters after the meeting, Mr Straw said Mr Baker was "riding the high wire and is going to fall off. He is caught between his liberal instinct and his personal ambition. He ought to decide whether he's going to get his way or resign.

"Margaret Thatcher and the Labour Party are agreed on one thing - Kenneth Baker is increasingly seen by the public as devious, shallow and untrustworthy," said Mr Straw. "The difference between us is that she will only say so in private. We will say so in public."

Mr John Cunningham, shadow Environment Secretary, said the Government's "dithering" over the timetable for the poll tax demonstrated that it had not thought the measure through and was "squirming this way and that in order to hide the true impact of the poll tax from the British people."

Mr Hattersley attacked the Conservatives' "appalling" record on crime. He argued that the average family was most vulnerable to burglary, vandalism and mugging.

Chancellor reaffirms tax cut commitment

By Philip Stephens, Economics Correspondent

MR NIGEL LAWSON, the Chancellor, yesterday reaffirmed the Government's commitment to reduce the basic rate of tax from 27p to 25p "at the earliest opportunity that was prudent to do so."

Speaking on BBC radio and television, the Chancellor also described sterling's present exchange rate of $1.64 as "very satisfactory". The pound's stability over the last six months had created the climate industry had been seeking while providing an important discipline against inflation.

His comments on tax cuts are likely to fuel speculation that the move to a 25p basic rate of tax will come in next March's Budget. Although the Treasury is expected to relax public spending targets for next year, government revenues are much more buoyant than expected.

The Chancellor is widely expected to combine the reduction in taxes with a further cut in his target for the public-sector borrowing requirement. That combination would be aimed at persuading financial markets of the Government's anti-inflation resolve.

Mr Lawson gave an upbeat assessment of the outlook for the unemployed, predicting further falls in the jobless rate. However, he refused to set any target for a reduction in unemployment during the lifetime of the present parliament.

Owen urges reform for 'illogical' social security

BY TOM LYNCH

DR DAVID OWEN, the former SDP leader, last night gave guarded approval to the principle of withdrawing benefit from those under 18 who refuse to participate in government training schemes. He gave a warning, however, that they should first be given a choice of work and training.

In his first important policy speech since last month's party conference, Dr Owen emphasised the need for "urgent and fundamental reform and integration of our chronically unfair, illogical and anachronistic systems of tax and social security."

He was cautious about the prospects of introducing US-style work-for-benefit "workfare" schemes unless the Government prepared the ground.

The training content of many government schemes was seriously inadequate, he argued. "In principle, when all the training schemes have been strengthened and when a real choice of work opportunity is available, it is not unreasonable for eligibility to benefit to be withdrawn for those 16-18s who are fit enough to participate."

He said the logical consequence of such a scheme would be financial support for parents who found it difficult to keep their children at school. "In that way, work would be rewarded in or out of the classroom."

Dr Owen rejected government suggestions that, when unemployment had been over 2m for seven years, "there exists a straight choice between dependence and self-reliance which lies within the reach of everyone."

McGivan to be Steel aide

BY TOM LYNCH

MR ALEC McGIVAN, who resigned as national organiser of the SDP to run the campaign in favour of merging with the Liberals, has been appointed chief political assistant to Mr David Steel, the Liberal leader.

Mr Steel's office insisted yesterday that membership of the Liberal Party was not a condition of such an appointment. At least one other member of Mr Steel's staff is not a party member.

The appointment takes effect today and is on a six-month contract which is expected to cover the negotiations between the two parties up to the launch of the new party.

Mr McGivan, 34, was secretary of the Campaign for Labour Victory from 1977 to 1981, when he became the SDP's first full-time employee.

He was the party's national organiser from 1981 until just after the general election when he resigned.

Power stations picked for clean-up

By Maurice Samuelson

THE LARGE coal-burning power stations at Drax, North Yorkshire, and Fiddler's Ferry, Merseyside, have been chosen as sites where £600m will be spent in the next few years to cut sulphur emissions, a prime cause of acid rain pollution. Two thirds will be spent in two stages at the 4,000MW Drax station, Europe's biggest coal burner.

The gas at Drax will be "scrubbed" by a method that uses 600,000 tonnes of limestone a year as a raw material. The waste product will be 1m tonnes a year of artificial gypsum, a material used to make plasterboard and cement or as a landfill.

For Fiddler's Ferry the Central Electricity Generating Board has chosen a different technology with a by-product of sulphur or sulphuric acid for the chemical industry.

Announcing the decision at Drax yesterday Mr Derek Davis, a board member, said the two sites produced 15 per cent of Britain's electricity a year and with flue-gas desulphurisation (FGD) would cut by 360,000 tonnes a year the amount of sulphur dioxide discharged into the atmosphere.

About seven consortiums have expressed interest in building the FGD units. Mr Davis confirmed the board was interested in suggestions that the consortiums would not merely build but might also fund and even operate them on its behalf.

Subject to the necessary consent the £600m programme would begin with the most recently completed half of Drax where the FGD plant would be operational in 1993. The rest of the Drax plant would be completed in 1995 and the Fiddler's Ferry plant two years later.

The total clean-up cost would rise to about £1bn due to the board's further pledge to fit FGD in all new coal-fired power stations.

Mr Davis said: "These measures are indicative of the CEGB's very serious commitment to international environmental protection." The board would also take the utmost care to minimise inconvenience to the local communities.

The main factors governing the choice of sites were that:

- The sites should be for the latest power stations and so achieve the greatest benefit over their lifetime.
- The supply of raw materials for the process and the disposal of its by-products would cause minimum environmental impact.
- The board's longer-term national strategy for FGD would not be prejudiced, given that the board expects to build power stations at Fawley, Hants, and West Burton, Notts, and that further sites in the Midlands and south are being considered.

About 1,200 jobs will be created by the programme.

Electricity 'could import coal'

By Max Wilkinson, Resources Editor

MR CECIL PARKINSON, Energy Secretary, said last night that a privatised electricity industry would be allowed to buy coal from abroad if it wanted.

He said on the BBC Radio Four Analysis programme: "There is no way that we could force a privatised industry to buy British coal."

It was the most forceful statement yet by a minister on an issue that worries supporters and opponents of the Government's plans to sell off the electricity industry in the life of this parliament.

The reason is that coal represents about 40 per cent of the industry's costs. The Central Electricity Generating Board buys all its coal from British Coal at an average price of £42 a tonne, although supplies of imported coal are available at about £30 a tonne.

British Coal claims that long-term supplies of foreign coal could not be obtained at that price, certainly not in high volume. However, the electricity industry has estimated that it could save perhaps £750m a year if it were allowed to buy all the coal it wanted from abroad. That might be the equivalent of about 7 per cent off electricity prices.

Critics of the Government's privatisation plans have said that it makes little sense to move electricity into the private sector until a free and competitive market in coal is established. At present the CEGB buys coal from British Coal under a joint understanding by which some at least of the supplies are priced near to world market rates.

Mr Parkinson said that even if the market were opened up, the lack of port handling facilities would limit imports to about 20m tonnes compared with the CEGB's total purchase of about 70m tonnes. He believed the British coal industry was becoming more efficient and would be able to face the challenge by the time the industry was privatised.

David Thomas on the rationale and impact of the STC purchase

Northern Telecom gains a name

NORTHERN TELECOM'S purchase late on Tuesday evening of 27.8 per cent of STC, Britain's second biggest electronics group, may mark the end of Northern's reputation in Europe as the quiet giant of the world telecommunications industry.

It is a Canadian company tough enough to take on and often beat American Telephone and Telegraph in AT&T's US backyard, yet Northern Telecom is a name barely known in many business circles in Europe.

However, Northern, 52 per cent owned by Bell Canada Enterprises, has one of the best tales to tell among the world's telecommunication equipment manufacturers. The company has built its sales in the US, by far the world's largest market, from almost nothing 10 years ago to $2.86bn last year.

It has won its position in the US, where it is second only to AT&T, by fleet-footed marketing and a willingness to break new technological ground.

In 1977, it launched the digital revolution in US telecoms by selling the first digital public exchange ahead of AT&T. It made its first sales of large digital switches into the giant Bell market in 1982 - perfect timing to exploit the new era of competition that flowed from the break-up of the Bell system in 1984.

During the decade up to the mid-1980s, Northern was fully stretched managing its phenomenal growth in the US. It poured investment into huge facilities, such as its large exchange factory near Raleigh, North Carolina. It had to double its US management team between 1982 and 1984.

More recently, however, Northern's management under its chairman Mr Edmund Fitzgerald, a taciturn American with a background in US high technology before joining Northern in 1980, has been putting greater emphasis on building up its operations outside North America. Those operations last year contributed less than 2 per cent of its $1.08bn operating earnings and less than 5 per cent of its $4.38bn sales.

That is hardly surprising, because the US is becoming an ever tougher sales region. Companies such as Siemens of West Germany, Ericsson of Sweden and Stromberg-Carlson, the Florida-based subsidiary of Plessey of the UK, are fighting to become the third supplier to the Bell regional holding companies, just when the market in the US is flattening out after the frenetic modernising activities of the mid-1980s.

Yet Northern suffered several rebuffs in its first attempts to break into Europe. It failed to become the second exchange supplier to British Telecom and never appeared seriously in the race this year for control of CGCT, the second French public exchange manufacturer.

While Northern has failed in some of these dramatic deals until this week, it has been slowly building up its operations in Europe, selling data-switching equipment in several key markets such as West Germany and the UK and supplying public exchanges to Mercury Communications, BT's fledgeling rival.

Partly because its resources were concentrated on the US, Northern chose to enter many European countries through licence agreements, which helped to keep the company invisible. Its private exchanges, for instance, are made under licence in several European countries, including Sweden, Italy and in the UK by General Electric Company - a relationship that will be reviewed in the light of Northern's new partnership with STC and the joint GEC-Plessey venture announced last week.

Northern has signalled this year that it would like to move into higher gear in Europe through acquisitions, strategic alliances and direct investment. Its STC stake is the first fruit of this full frontal approach to the European market.

Mr Bruce Tavner, president of Northern's European operations, said yesterday he saw the first fruits for Northern coming from access to STC's transmission and fibre optics products, where the British company is recognised as being particularly strong. Northern has been keen to build up its transmission sales, which represented only 12 per cent of its revenues last year.

He added that the two companies would study whether they could collaborate in semiconductors, where he believed their strengths were complementary. For example, he thought they could combine their work on components for the next generation of data and voice switching, known as the Integrated Services Digital Network.

They would also want to review whether each company could manufacture some of the other's products under licence. Mr Tavner emphasised that he believed the immediate benefits for Northern would come in the UK, while any gains on the Continent would prove a longer-term proposition.

How it will affect the computer subsidiary

IT IS NOT every day that a company spends close on £500m building up a 27.8 per cent stake in another concern and then promptly declares a lack of interest in the business that contributes more than half of its new partner's profits.

Yet that is precisely what Northern Telecom, the Canadian telecommunications equipment manufacturer that bought into STC on Tuesday night, has said about ICL, the computer subsidiary that contributed 51 per cent of profits and 62 per cent of sales to its parent electronics group last year.

Part of Northern's indifference to its new partner's largest subsidiary is probably explained by a wish to avoid political controversy about undue foreign influence over ICL, Britain's largest computer company and sole mainframe manufacturer. Fujitsu of Japan, which has an informal veto over ICL collaborations through its role in making the heart of ICL's mainframes, also needed to be reassured.

But the other reasons throw considerable light on the real meaning of one of the standard cliches in high-tech debate - the convergence between computing and telecommunications. They also illustrate the new standing which ICL itself has in the world of European information technology.

Both STC and Northern were clear yesterday about what they wanted from the deal.

For STC, it represents the chance to boost US sales of its transmission equipment, where it has particular strengths, on the back of Northern's presence there. Mr Roy Gardener, STC finance director, said: "We have been trying to break into the US market and this will allow us to do it much more quickly."

Northern also hopes to build up its UK sales by tapping STC's transmission strengths, according to Mr Bruce Tavner, head of Northern's European operations.

Both companies intend to sit down together over the next few months and identify further areas for co-operation. Components for the next generation of voice and data switching, private exchanges and manufacturing each other's products under licence will all be considered.

So Northern is concentrating on two of STC's businesses, communications systems and components, which last year accounted for only a third of STC's turnover. It is reinforcing its lack of interest in ICL by insisting that its two representaitves appointed to the STC board yesterday - Mr Edmund Fitzgerald, Northern chairman, and Sir David Nicholson, chairman of Northern's British subsidiary - will not take an active part in discussions about ICL.

STC'S BUSINESSES, 1986-87

	Turnover £m	Operating profit £m
ICL	1,189.1	90.2
Communication	347.9	56.1
Components	287.2	20.0
Defence	81.1	9.4
Total	1,905.3	175.7

Mr Tavner says Northern, which was scarred by having to make large write-offs in 1980 on two data processing companies acquired two years earlier, believes it is crucial to keep its independence from any particular computing company when supplying telecoms systems for the converging market place. Hence, Northern has built up strong relationships with IBM, DEC, Hewlett Packard and Wang among others in the US.

A more general doubt might be raised about whether the notion of convergence has had many practical implications at all. While ICL believes that it will be able to do more work in future on network management with STC's telecoms wing and while they have already collaborated on a number of switching and transmission projects, the amount of overlap remains fairly small.

Under Mr Peter Bonfield's leadership, ICL has transformed itself into a computer company concentrating on several niches such as retailing and manufacturing. ICL's top management is spending increasing amounts of time considering how to extend that strategy, which has so far proved highly effective in sustaining ICL's financial recovery, on the Continent.

However, it also means that ICL has abandoned its previous pretensions of being a British-based rival to large computer concerns like IBM across the board. If Northern - one of the world's most successful telecom equipment companies of the last decade - had wanted to forge a close alliance with a computer company, it would hardly have chosen a relatively small British-based niche player.

Tourist industry set for record year

BY DAVID CHURCHILL, LEISURE INDUSTRIES CORRESPONDENT

BRITAIN'S TOURIST industry is still booming, according to official figures published yesterday.

The number of tourists visiting Britain in July rose 15 per cent to 1.9m and the industry is set for a record year in terms of the number of visitors.

Leading the increase was a 44 per cent rise in visitors from North America, although that was in comparison with July last year when Americans were reluctant to come to Britain after the Libyan bombing and Chernobyl incidents.

About 11 per cent more visitors came to Britain from western Europe in July compared with July last year. The number of visitors from the Far East and other countries was 1 per cent down.

The figures, published by the Department of Employment, show that tourism is one of Britain's most buoyant sectors. Spending by overseas residents in Britain in July totalled £750m, up 18 per cent on the same month last year.

The trend over the three months to July confirms the strength of the recovery in tourism. Total numbers of overseas visitors in those three months was about 21 per cent higher than in the same quarter a year ago.

The number of visitors from North America was up 54 per cent while 17 per cent more visitors came from western Europe. However, during the three months there was a 3 per cent fall in visitors from other countries in comparison with the same three months last year.

So far this year, the total number of visitors to Britain is up by 16 per cent to 8.7m. The rise in North American visitors is 28 per cent.

The growth in Britons travelling abroad has not kept pace with the increase in incoming tourists.

In July the increase in UK residents going abroad was only 5 per cent in comparison with the same month last year, although these Britons spent 19 per cent more when abroad.

Over the May to July period, the number of Britons travelling abroad was only 1 per cent higher in comparison with the same quarter last year.

Dan-Air calls for merger safeguards

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

DAN-AIR, THE UK independent airline which carries more than 5m passengers a year, believes any merger between British Airways and British Caledonian Airways should be accompanied by safeguards against possible anti-competitive behaviour by the resulting so-called mega-carrier.

The merger is being studied by the Monopolies and Mergers Commission which is due to report early next month.

Meanwhile, in a statement timed to coincide with the Conservative Party conference in Blackpool, Dan-Air says that if merger is approved "it is essential that safeguards be adopted in the areas of competition and airports policy.

"By eliminating the competition from British Caledonian the merger would set back the attempts to produce a multi-airline UK scheduled airline industry."

Dan-Air, with other independent airlines, claims the merged carrier would dominate scheduled services out of both Heathrow and Gatwick, and that because of capacity limitations at Gatwick other charter airlines could be squeezed out there.

Dan-Air says that whether or not the merger proceeds, some new government civil aviation measures are needed. These include dropping policies favouring scheduled services over charter airlines at Gatwick, and requiring new entrants to the airline industry to use Stansted Airport rather than allowing them to use Gatwick.

Dan-Air believes these measures are necessary "to ensure the satisfactory growth of the British airline industry on a competitive basis to meet consumer needs."

Dan-Air also says the merged airline should be treated as one for all licensing and competition purposes. This means that where both BA and BCal fly the same route one should give up its rights to other airlines, and that any BA-BCal licences already granted but not yet flown should be given up and offered for competition from other operators.

House prices boom is the 'highest for seven years'

BY ANDREW TAYLOR

THE HOUSE price boom in Britain is showing no signs of slackening, Nationwide Anglia, Britain's third largest building society, said yesterday.

Prices rose by 19 per cent across the country during the first nine months of this year, according to the society, and it expects price increases will top 20 per cent by the end of this year. That would be the highest rate of increase since 1980.

The society's figures confirm other recent house price surveys which show that prices in East Anglia are rising faster than anywhere else. House prices there rose by 10 per cent in the three months to the end of September, compared with 6 per cent for London and 8 per cent for the south-east generally.

By comparison, house prices in economically depressed areas continue to languish. In Scotland and Wales prices actually fell by 1 per cent during the three months. In Northern Ireland prices fell by 2 per cent.

An average property in the north of England costs £29,000 compared with more than £75,000 in London.

House prices in the West Midlands, however, had shown an above-average 6 per cent increase in three months.

US tax boost for Fisons drug

By Andrew Taylor

THE US Food and Drug Administration has granted special tax status to Fisons, the British pharmaceutical, scientific instrument and horticultural group, to encourage the development of a new method of administering pentamidine, used to treat pneumonia in AIDS patients.

Fisons says preliminary clinical trials for using aerosols to administer pentamidine had shown "aerosol pentamidine appears to be well tolerated."

Presently, says Fisons, the drug is administered intravenously, but that method can produce very serious side effects.

Paisley's deputy resigns

By Our Belfast Correspondent

MR PETER ROBINSON, the East Belfast MP, has resigned as deputy leader of the Democratic Unionist Party.

The party's headquarters yesterday released a short statement confirming that the Rev Ian Paisley, the DUP leader, had received Mr Robinson's letter of resignation. The statement added: "A meeting of the party officers will be called to consider this matter."

Mr Robinson, 38, has been deputy leader since 1980. His resignation came as a surprise to rank and file Unionists. He was regarded by many as likely to succeed Mr Paisley as leader of the party he helped to form in 1971.

It is understood that his resignation has stemmed directly from the reluctance of Mr Paisley and Mr James Molyneaux, Official Unionist leader, to act on the recommendations of the Unionist Task Force report, of which he was co-author.

The Task Force was established by the two Unionist leaders to hold discussions with interested groups in the Unionist community. Its brief was to win support for the campaign against the Anglo-Irish agreement and ascertain what consensus existed for political alternatives to the accord.

A conclusion in the report, entitled An End to Drift, published last June, which suggested that no matter should be precluded from negotiations, was seen by many Loyalist hardliners as capitulation to the power-sharing ethos.

Mr Robinson, who will retain party membership, is also thought to be unhappy about the general conduct of the campaign against the accord. He is known to favour consultation with all Loyalist groups who oppose the agreement with a view to producing an effective, co-ordinated strategy.

Speaking later, Mr Robinson said that he had a duty to make his views known to his colleagues in his party.

"I intend to remain a member of the DUP. I have a lot of time, effort, work and hope invested in this party. I will continue to work for its success," he said.

He assured both Mr Paisley and Mr Molyneaux of his unqualified commitment to any action they saw fit to take in stepping up the campaign against the accord.

UK NEWS

Second Trident to cost up to £40m less than first

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

BRITAIN'S SECOND Trident submarine will cost £30m to £40m less to build than the first because the Royal Navy has insisted on reaping the benefit of construction experience gained by VSEL, the Trident boatbuilder.

Mr Rodney Leach, chief executive of VSEL - formerly known as Vickers Shipbuilding and Engineering Limited - said yesterday that 15 per cent fewer man-hours would go into making HMS Victorious because of lessons learnt in building HMS Vanguard, the first Trident boat.

The contract for Victorious was announced on Tuesday by Mr George Younger, Defence Secretary.

VSEL is building the Victorious - including the nuclear propulsion system but minus the US-supplied nuclear missiles - for £425m, against the comparable cost of about £460m for Vanguard.

Admiral Sir Derek Reffell, the navy controller, said the Royal Navy and VSEL "both feel we could have done better on the contract." He suggested that probably meant it was fair to both sides.

He and Mr Leach were speaking at a press conference at the launch of HMS Campbeltown, a Type 22 frigate, from VSEL's Cammell Laird yard at Birkenhead.

The second Trident order made the programme less vulnerable to political cancellation by a future government, Lord Chalfont, VSEL chairman, said yesterday.

The new order also removes the extraordinary 125 per cent cancellation penalty charges written into the first Trident contract. VSEL insisted on that in advance of the general election this year as potential compensation for possible loss of use of special-purpose, long-lead tools.

Mr Leach said the cancellation charges now would simply amount to 100 per cent of both Trident boats.

Yesterday VSEL said the Campbeltown was nearer to completion than any other warship at the time of her launch, with 85 per cent of weapons installed.

VSEL said this was one of several advances made in its reversal in the fortunes of the Cammell Laird yard, which is building three Upholder conventionally-powered submarines with a workforce increased by 60 per cent to 2,000 since privatisation last year.

Cammell Laird will be joining in the hard-fought bidding for the four Type 23 frigates which this week Mr Younger announced his intention to build.

Admiral Reffell said yards would get several months to prepare tight bids for the contract. He did not expect any award of frigate contracts before the middle of next year.

Volvo takes franchises away from 66 dealers

By Kenneth Gooding, Motor Industry Correspondent

ONE OF the biggest upheavals seen in the UK motor trade has resulted in 66 Volvo car dealers - 22 per cent of the total - losing their franchise in the past year because they were unwilling or unable to support a "new retailing concept" developed by the import company, Volvo Concessionaires, part of the Lex Service group.

Mr Philip Payze, chief executive of Volvo Concessionaires, said yesterday his company had to take action because it was the only one in Britain to offer five-year contracts to dealers. Those had just come to an end.

"Some of the dealers did not like the way the industry had changed in the past five years so there is no way they will like the next five", he said, explaining that about a third of the dealers who lost the franchise did so "because of attitudinal problems."

Concessionaires has been able to replace most of the dealers and now has 286 against a maximum target of 290.

The changes come when Concessionaires and its dealers are achieving record results, both financial and in unit sales.

In 1986 Concessionaires' taxable profit rose 28.4 per cent, from £23m to £29.6m, on turnover up 26.3 per cent from £359m to £453m. The pre-tax profit beat the previous peak, £27.75m, reached in 1983.

Mr Payze said Volvo car registrations this year would be more than 70,000, including 38,500 of the small 300-series cars, compared with 69,000, including 39,400 of the 300s, last year.

The company launched another aspect of its new retailing concept yesterday. Called Volvo Careline, it offers buyers of new cars free membership of the RAC, with roadside assistance if needed, and free overnight accommodation, car hire or a train ticket if the fault is to take 24 hours to rectify.

The scheme is to be operated with the "lifetime care" scheme launched by Concessionaires last year which gives almost a lifetime warranty against defects in Volvo cars as long as they are always serviced by authorised Volvo dealers.

Mr Payze said the idea was to enable Volvo dealers to keep more of the available service and parts business. At present the franchised network has about 45 per cent of the service business - well above the 27 per cent average for all franchises.

Concessionaires also aims to increase customer loyalty above the present level of more than eight out of 10 buyers of new Volvos returning for another Volvo when they change cars.

Eric Short on the CBI's worries over voluntary pension contributions

Paperwork overload the employers fear

IN SPITE of concessionary changes made on Tuesday by the Inland Revenue to its draft pension rules for the operation of free-standing additional voluntary contributions, the Confederation of British Industry remains extremely concerned.

The CBI still considers that employers are being required to take on an unacceptable administrative burden and responsibility.

FSAVCs, introduced in this year's Budget, enable employees in company pension schemes to make their own arrangements to pay extra contributions to boost their pension benefits as an alternative to using the company scheme's own AVC arrangement.

The Revenue is insisting not only on an overall contribution limit - main scheme and FSAVC - of 15 per cent of earnings, but also that the eventual pension benefit from the main scheme and the FSAVC does not exceed Revenue limits, with an overall maximum of the pension not exceeding two thirds of earnings at retirement.

A close monitoring of such benefit limits is a complex task requiring actuarial input, since the pension from a FSAVC depends on a variety of factors: level of contributions, investment returns over the period of the contract and annuity rates at the time of retirement.

Although the transaction of an FSAVC relates to a contract between the employee and a life company, or other pension provider, the Revenue insists that there should be a central co-ordinator to monitor the contribution and benefit limits and that the employer is best placed to carry out that role, rather than the employee or the pension provider.

The Revenue has put the employer even more on the spot, because if the ultimate pension exceeds the limit, say because of an excellent investment performance on the FSAVC, then the main company pension would be cut to conform to the limits.

In such circumstances it is the employer, not the employee, who would receive the benefit from the FSAVC.

The Revenue has relented on making employers produce a precise calculation each time an employee takes out an FSAVC, and from having to monitor progress and recheck the contributions every three years. Nevertheless the new rules will still involve the employer in a considerable administrative burden, with cost implications, in monitoring a transaction in which the employer has no other involvement and no control.

The CBI has made its views on those rules known to the Revenue, even though it will not be able to alter the final shape of the rules under which the FSAVCs will operate

The CBI has also warned the Revenue that it will be monitoring the effects of the rules on members and if it finds that the administrative burden becomes onerous, it will return to lobbying.

That might occur quickly, since the life companies are poised to start offering the FSAVCs to employees in company pension schemes. Their trade association, the Association of British Insurers, has welcomed the concessionary changes and says it does not envisage the rules imposing too heavy a burden on employers and pension scheme administrators.

Allied Dunbar, a member of BAT Industries, is already marketing its FSAVC, even though the official launch date is October 26. It feels the contracts provide a splendid opportunity for its sales force and it intends to become a leading player. Other life companies might be following that lead soon.

So employers might find out very soon whether FSAVCs will impose a burden on their pensions administration.

Devonport dockyard looks for a change from sails to rails

David Buchan looks at the results of a steep decline in Royal Navy work in Europe's largest warship facility

THE NEW commercial management of the Devonport dockyard is searching inland and overseas to offset a steeper decrease than expected in Royal Navy work for Europe's largest warship facility.

The main, although superficially implausible, customer on which Devonport Management (DML) has set its sights is British Rail, with its annual £130m engine overhaul programme. DML is already repairing some BR electric generators and covets the higher volume and value work on BR diesel locomotives, similar to those in warships.

DML, a consortium of Brown & Root, Balfour Beatty and the Weir Group which last April took over management, but not ownership, of the Devonport dockyard, said some of the same commercialisation was taking place at BR. That would make it easy for outsiders to bid into the BR work programme.

The sensitivity of DML's attempted diversification, however, lies in the fact that British Rail Engineering is laying off workers just like Devonport, which is itself due to lose 3,400 of its 11,000 workforce within four years.

Overseas, DML is touting for warship repair and service business from navies that operate British-built ships, such as those of Australia, Canada, Chile and Brazil, which sail Oberon-class submarines. It claims to have already won some small contracts.

But in an interview at the sprawling 300-acre yard, Mr Michael Leece, DML's managing director, yesterday conceded that European navies were as unlikely to place repair work with Devonport as the Royal Navy would be to place work with European yards.

Devonport has failed so far to win any of the Royal Navy refit and repair work which the Ministry of Defence has this year opened to competitive UK tender. Its diversification drive had proved more successful than expected, Mr Leece said, but could produce only £2m in new contracts since April.

Thus, DML had had to react to the MoD's decision this summer to reduce further the so-called "core programme" of work allotted to Devonport by announcing further redundancies, Mr Leece said. The workforce is to be cut by 2,000 by next April, by 1,000 in 1988-89, and by 200 in each of the two succeeding years.

Mr Leece regretted that the MoD action had forced the company to abandon its original claim, made in bidding for the seven-year dockyard management contract, that no one would be laid off in the first 18 months or two years of the contract period.

Several of the 17 trades unions represented at Devonport have objected to the overall scale of the redundancies and to DML's recent action in refusing the benefits of voluntary redundancy to certain skilled workers whom the management does not want to lose.

Mr Leece said he needed to keep a balanced workforce and would decide within the next few weeks to whom the voluntary redundancy scheme should be available.

The rationalisation task at Devonport was always expected to be bigger than that at Rosyth, the other royal dockyard put into private management hands by the Thatcher Government in April and now the beneficiary of a more clearly defined "core programme" of refit work on the Polaris nuclear missile submarines and, eventually, on Trident submarines.

The DML consortium pays a £24m annual licence fee to the MoD for the right to manage the dockyard. Mr Leece said his consortium's assumption was that "a profit would be made from day one", but that was severely regulated by the MoD on non-competitive work involving the use of government assets.

IBC starts up as Bedford van sales fall

BY OUR MOTOR INDUSTRY CORRESPONDENT

IBC, THE joint company set up last month by General Motors of the US and its Japanese associate Isuzu to take over GM's van production facilities at Luton in Bedfordshire, starts operations while UK sales of some of the vehicles produced by the factory are falling fast.

In the first nine months of this year, registrations of Bedford CF and Midi vans dropped by more than 27 per cent, from 10,383 to 7,562, according to statistics from the Society of Motor Manufacturers and Traders.

The decline seems to be gathering pace because the fall was of 36.5 per cent in the last month alone, from 968 to 615 vans.

That was partly because GM stopped producing the mainly British Bedford CF vans in August. However, the Midi, based on an Isuzu design, has also failed to live up to GM's original sales expectations.

IBC is 60 per cent owned by GM and has the capacity to produce 40,000 vans a year. The company forecasts that output this year will be 19,500, comprising 10,700 micro vans based on a Suzuki design, 6,200 Midis and 2,600 CFs, compared with production in 1986 of 19,873 vans, consisting of 8,953 micros, 5,446 midis and 5,474 CFs.

UK-built vans from Freight Rover, now owned by Daf of the Netherlands, and, in particular, Ford have filled the gap left by Bedford's decline.

In the first nine months, registrations of the Ford Transit were up by 38 per cent to 43,612 and those of the Freight Rover Sherpa by 8.67 per cent to 13,012.

Ford's progress has outpaced that for the total van sector, where sales rose by 10.27 per cent to 104,273 in the first nine months.

That compares with a 7 per cent advance in total commercial vehicle registrations in the period, to 241,299, according to the society.

The importers' share of total sales fell from 40.14 per cent in the first nine months of 1986 to 38.13 per cent in the same period this year.

Over the nine months, registrations of car-derived and micro vans advanced by 4.4 per cent to 79,995 and sales of light four-wheel-drive vehicles increased by 4.16 per cent to 11,492. Bus and coach registrations fell by 10.75 per cent to 1,636 but those of trucks and articulated trucks were 6.05 per cent ahead at 43,903.

In the truck and articulated-lorry (over 3.5 tonnes gross weight) sector after nine months Iveco Ford, with 10,200 registrations (up from 8,125) led its arch-rival Leyland Daf, another Daf subsidiary, which had 9,934 (against 9,371).

Truck maker on road to record

BY JOHN GRIFFITHS

ERF, the UK independent heavy truck maker, expects to reach record production levels by February and nearly to double its share of the UK heavy truck market compared with 1986, Mr Peter Foden, chairman, said yesterday.

Mr Foden expects ERF's share of the 16 tonne-plus market will reach 11.5 per cent compared with a forecast of 7.8 per cent in the current year and 5.7 per cent in 1986.

He said that would be the fruition of a three-year plan involving widened and improved model ranges, revised service sales and marketing operations and management restructuring.

He also indicated that ERF would have a better year financially than that ending last March when pre-tax profits fell to £0.71m from £1.27m on marginally higher turnover.

During 1981-83, in the trough of the world truck recession, ERF lost nearly £9m before tax and some industry observers predicted that it would not survive.

Last year's results contain a sharp second-half improvement which produced pre-tax profits of £660,000 compared with £62,000 in the first six months.

Yesterday, Mr Foden was able to back his claim of a swiftly rising market share with statistics showing 1,483 sales in the year up to the end of August, up 45.1 per cent on the 1,022 achieved in the same period last year.

Over the comparable periods the total market for trucks over 16 tonnes rose by 11.2 per cent to 20,837 from 18,723.

ERF expects output to reach 17 trucks a day equivalent to around 3,000 a year by February. The previous peak of 16 a day was reached in 1979.

The world's truck market crashed in the spring of 1980, after which ERF's output dropped to two to three trucks a day.

Mr Foden said the company could reach 4,500 trucks a year, without installing extra capacity or starting double shifting.

Next year's increase was likely to require some extra employees

Inquiry into aircraft accidents

By Michael Donne, Aerospace Correspondent

THE Civil Aviation Authority is conducting an inquiry into the causes of the significant increase in accidents to light aircraft this year, to determine whether safety rules need tightening.

So far this year there have been 29 fatal accidents to general aviation aircraft, that is involving all non-airline aircraft operations.

That compares with 19 accidents in the whole of last year and 21 accidents in 1985.

• BUSINESS LAW

Beware of US 'bad faith' litigation

By A. H. Hermann, Legal Correspondent

FACED WITH a claim of doubtful legal strength, prudent managements tend to reject it and to wait and see whether the claimant will have the courage to take them to court: then they may be in a better position to decide whether to settle or to go the whole way of litigation. This may no longer be a prudent policy with regard to claims which can be litigated in the US.

By unreasonably or negligently refusing to settle a claim right away, an insurer, or another strong party to a contract, would run the danger of additional or punitive damages if found guilty of a breach of contract. This latest transatlantic tale of woe was presented to the Association of British Insurers by Mr Guy Kornblum*, a San Francisco lawyer, lecturing in London last Monday.

Though developed in insurance cases, the "bad faith" litigation is now also applicable in banking, employment, real estate and ordinary contract disputes. Considering the insurer, the bank, or the employer to be the stronger party, the US courts imply in the contract an obligation to treat the insured, the bank customer or the employee fairly. If the stronger party unreasonably refuses or delays the settlement of a claim, the courts will award, in addition to damages for the breach of contract, additional damages for "bad faith" and punitive damages if there was any "malice" or intention to harm the weaker party. While in the ordinary breach of contract suit the plaintiff can only claim compensation for damage foreseeable by the defendant at the time when the contract was made, in the case of a "tortified" contract - where performance was unreasonably refused - it is possible to claim compensation for a greater damage foreseeable only at the time when the performance was refused. In addition, it is possible to also claim compensation for emotional stress, attorneys fees and other legal costs.

There is no sign yet that English courts will adopt this model. However, the US judicial practice already has its effect on UK insurers and may later influence the behaviour of other non-US enterprises doing business in the US: they will have to take into account that by rejecting a doubtful claim they risk the US courts making them pay substantially more than would be necessary for settling the claim right away.

The principle that corporate bullying - violating standards of "good faith and fair dealing" - should be punished, was developed primarily in California but gradually adopted by other sun-belt states down to Texas. There was a string of "bad faith" cases against insurance companies who were accused of doing less than they should in investigating and handling the claims of the insured or of the third parties.

The failure to deal fairly came to be considered as a civil wrong. Along with this expansion of tort liability came the imposition of punitive damages against insurance companies. In 44 jury verdicts between January 1983 and March 1985, Californian courts made punitive awards in excess of $165m (£101m). The highest single award was for $44 million. Early in 1985 the Shell Oil Company was found to have caused a loss of $75,000 to a service station operator by obstructing his sale of the franchise. On top of the $75,000 of actual damages, Shell was made to pay a further $5 million in punitive damages and a further $42,000 for emotional distress. In March of the same year, an Oakland court awarded $125 million in punitive damages to 55 investors in Computer Land Corporation, claiming that the firm violated the terms of a $250,000 loan agreement; and in May 1985, a San Jose jury awarded a former sales representative of NEC Electronics $53.3 million in punitive damages for wrongful termination of employment, breach of contract and defamation.

The US courts derive the duty of good faith and fair dealing from the existence of a special relationship between the parties to a contract. In the case of the insurance contract, the relationship is characterised not only by the unequal bargaining power of the two parties but also by the insured's expectation that his insurance company will not wrongfully deprive him of the security which he attempted to obtain by taking out an insurance policy. In a number of cases dealing with third party claims, when the insured was covered only for part of the claim and had to bear the excess himself, the Californian courts held the insurer responsible for the entire claim, including the excess, if it refused a settlement offered by the claimant and which in the view of the court, a "prudent insurer" would have accepted. The insurer may be held liable for the excess judgment if he failed to settle at or below the policy limits, even if he acted in good faith and was sincerely, though erroneously, convinced that the claim is not covered by the policy.

This doctrine of strict liability was brought a step further when the California Supreme Court held that a third party can sue an insurer directly for the mishandling of a claim and that the insurer owes a duty, to manage properly settlement negotiations, both to its insured and to third party claimants. He will be held liable for any additional losses occurring after a failure to accept or make reasonable offers of settlement.

The tort concept, leading to extra-contractual damages was well established by 1974 but since then the judge-made law has been further refined. At present, Californian courts seem to be ready to find that the implied covenant of good faith and fair dealing was breached whenever the insurer withheld a settlement unreasonably and without proper cause. This would be so, for example, when he failed in his duty to investigate thoroughly the insured or the third party's claim. The Californian Unfair Practices Act provides further that the insurer must "attempt in good faith to effect a prompt, fair and equitable settlement" when liability has "become reasonably clear".

While in California these duties of the insurer can be enforced by private action, the Arizona insurance code as well as Indiana law reserve these matters to public prosecution. To establish "bad faith" conduct, it is enough to show that there was an unreasonable withholding of benefits by under-payment, delay or a wrongful refusal to pay altogether. In such case extra-contractual compensatory damages are assessed on the basis of actual, proven, losses. However, if the claimant can show that the insurer's conduct was malicious, fraudulent or oppressive, he has a chance of obtaining punitive damages assessed not on actual losses, but on the basis of the defendant's wealth or company assets.

Even if an insurance company obtained an independent lawyer's opinion before refusing a claim, the courts may not accept this as proof of good faith, but will investigate any allegation that the lawyer was acting in collusion with the company. The courts also introduced a number of measures designed to protect the defendant. These may take the form of a requirement of a higher standard of evidence or of telling the jury that the defendant is entitled to a presumption of innocence, or requiring a unanimous verdict.

A constitutional attack on the abuse of punitive damages litigation has been made in the case of *Bankers Life and Casualty Company v Crenshaw* now pending before the US Supreme Court. In this case the Supreme Court is invited to say that the Mississippi law, which gives a jury unfettered discretion to award punitive damages on vague grounds, violates the "Excessive Fines Clause" of the Eighth Amendment of the US Constitution and the "Contract Clause" and "New Process Clause" of the Fourteenth Amendment.

The US law enabling the awards of punitive damages by which UK firms now feel threatened, has its roots in Anglo-Saxon England where the wrongdoer was required, in addition to compensatory damages to the victim, to pay a further fine to the community on the ground that every evil deed is also a public offence. These fines, called amercements after the Norman conquest, became an important source of Crown revenue and escalated accordingly.

In an attempt to contain the escalation of these punitive damages, the Magna Carta introduced the principle of proportionality between the amercement and the wrong done to the Lord or the court. The US Supreme Court has been reminded of this by the appellant in the *Greenshaw* case. The insurance barons, as well as others, hope that the Court will be impressed by King John's example.

** Mr Kornblum, who supplied the information on which this article is based, is the senior partner in Kornblum, Kelly and Herlihy, and founder of the Hastings National College of Advocacy.*

CONSERVATIVES AT BLACKPOOL

Uproar on death penalty stemmed

SKILFUL STAGE management reduced widely predicted explosive demands for the reintroduction of capital punishment to a muffled roar at the Conservative conference at Blackpool yesterday.

Mr Douglas Hurd, the Home Secretary, was subjected to only a fraction of the abusive heckling endured by Lord Whitelaw, his most notable Conservative predecessor, as he restated his personal opposition to the restoration of hanging.

He confirmed that an early debate in the Commons would give newly-elected MPs the opportunity to accept or overturn the anti-hanging consensus established among the parties at Westminster in 1965.

Mr Hurd defiantly told his vociferous critics on the conference floor that his personal opposition to capital punishment was well known and he did not intend to "wobble and waver."

To sympathetic applause, he said: "I do not believe there is anybody in this hall who would give me any credit or respect if I were to begin to do that."

Mr Hurd's promise that the Government would provide time for an early debate in the Commons on capital punishment - ending in a free vote without the party whips applying any pressure - fully met the terms of an amendment specially selected by the party managers to ease his path.

This merely recognised the public concern on the capital punishment issue and expressed the belief that it should again be considered by parliament.

More controversial amendments calling for the reintroduction of the death penalty for the murder of policemen and prison warders and for premeditated murder were passed over.

There were shouts of "Shame" when Mr Hurd recalled that he had always opposed the restoration of the death penalty.

Nor were the critics impressed when he stated that his period of office as Northern Ireland Secretary had convinced him that it would help terrorist groups if they were able to exploit the execution of their young men.

At the same time he accepted that his opinion was just one among many in the Conservative Party in parliament - Mrs Margaret Thatcher, the Prime Minister, is among those who advocate the reintroduction of the death penalty.

Mr Hurd commented: "It is, and must remain, a question of

Douglas Hurd: less heckling on hanging issue than some predecessors

judgment for each one of us. The strength of opinion witnessed in this hall today on both sides of the argument simply has to be respected."

But Mr Hurd was adamant that capital punishment could not become a party political issue. He had no difficulty whatever in accepting the amendment with its call for a fresh parliamentary discussion.

He said: "In a parliamentary democracy that is the only place where a decision can be made."

The Home Secretary successfully appealed to the conference not to allow the differences in the party over capital punishment to obscure the widespread support for the other measures which the Government had taken and intended to take to deal with the rise in crime.

New steps to be taken by the Government, he said, would include giving the Attorney General the power, with the leave of the Court of Appeal, to appeal against sentences which appeared to be unduly lenient. At present, the Court of Appeal could not increase sentences and the change planned by the Government would enable it to do so.

Mr Hurd also announced that the Government intended to tackle the growing menace of knives used in the pursuit of crime.

Parliament would be asked to make it an offence to have in a public place a knife without good reason or lawful authority.

To applause Mr Hurd declared: "Our citizens, and in particular, our young police officers, deserve greater protection from the law than they get at present.

"So thugs should be warned - carrying knives will not be tolerated."

Emphasising the Government's concern about the effect of the violent scenes regularly depicted in popular television programmes, he said a Broadcasting Standards Council divorced from programme making would be established.

The new body would act as a focus for public concern about the portrayal of violence and sex on television and would also monitor developments in video on cable and in satellite broadcasting.

Mr Hurd explained that the council would be created as a statutory body as soon as parliamentary time could be found for the necessary legislation. But he intended "to get it up and running" ahead of the legislation and with the least possible delay.

Mr Derek Hickman, a Birmingham barrister who opened the debate, urged those opposed to the restoration of capital punishment to consider the implications of confining an incorrigible criminal to prison for life.

To applause, he questioned whether such action, putting criminals literally out of sight and comfortably out of mind was "compassion or cowardice."

Mr Charles Chichester, a map publisher who moved the successful amendment, acknowledged the difficulties involved in determining which crimes should be made subject to the ultimate punishment.

Judging by experience in other countries, he also accepted that the question whether capital punishment was or could be an effective deterrent remained open.

However, Mr Chichester emphasised that the wave of frustrated anger generated by the crime wave reflected the belief that "something must be done."

Mr Andrew Stead, from Colne Valley, maintained that it was clear that public opinion believed that the time had come to bring back capital punishment.

Reports by PETER RIDDELL, IVOR OWEN, LISA WOOD and JOHN GAPPER
Pictures by ALAN HARPER

Pledge over continuing reform of unions

THE GOVERNMENT is to persevere with legislation to prevent trade unions taking disciplinary action against members who refuse to join strikes, in spite of doubts expressed during a conference debate yesterday.

Mr Patrick Nicholls, Employment Undersecretary, said that the provision, which has provoked widespread criticism, would be included in the Employment Bill to be introduced at the start of the next parliamentary session.

He said that an employee who decided not to strike despite a ballot in favour of industrial action might be acting on a range of obligations, including those to his employer and his family as well as his union.

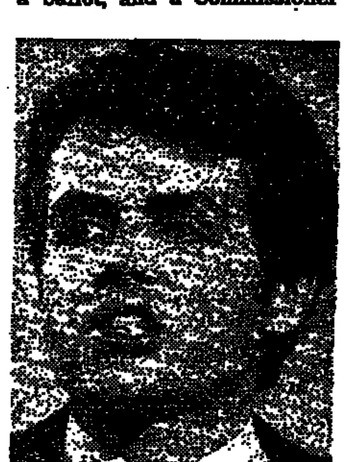
"If the strike really is wanted by the workforce, what difference would it make, in practical terms, to the solidarity of that strike if a few believe that they should nevertheless work?" he said.

Mr Nicholls also resisted the suggestion from conference representatives that the Government should outlaw union closed shops rather than removing the legal status some agreements enjoy under the 1984 Trade Union Act - the measure proposed in the new act.

He said that the Government's three previous trade union acts had achieved their aim of increasing the control individual members exercised over their unions and helped to transform the economic fortunes of the country.

He said: "All the reforms we made, all the steps we took, were grounded not in doctrinaire prejudice, but decided on in the light of experience. It is that approach which convinces us again now that still further reforms are necessary."

Individual trade unionists would be given the right under the bill to stop their unions calling a strike without first holding a ballot, and a Commissioner



Patrick Nicholls: faced criticism

for Union Members would be appointed to help members enforce their statutory rights.

Mr Nicholls stressed that the commissioner would only be able to take up complaints from individual trade union members and would not be allowed to act independently in the manner of a "Commissioner for Trades Union Harassment."

The bill would also include measures to enforce periodic re-election for key union officers, ensure the use of independently supervised secret ballot in union elections, and prevent the misuse of union funds.

He said that unions had to face "some pretty hard truths" and praised Mr Bill Jordan, president of the Amalgamated Engineering Union, for saying "so graphically and so courageously that the unions must break out of the iron grip of their own history."

Several delegates voiced muted doubts about the limit on disciplinary action against non-strikers during the debate on a motion supporting the Government's efforts to ensure a return to "industrial democracy."

The mover of the motion, Mr Chris Greaves (Shipley), called for the outlawing of the closed shop and added: "In all honour, a man should follow a democratic decision or he should resign from his union."

However, the Conservative Trades Unionists group, which has opposed the provision, kept its doubts private during the debate. Its chairman, Mr Alan Paul, said he did not want to discuss the "5 per cent" of the proposed bill with which his group disagreed.

Another delegate, Mr Ian McCann (Enfield North), said that the group had been right to oppose the measure. He said: "If you belong to a club, you must obey the rules of that club."

Customer protection pledge on privatised electricity industry

CUSTOMERS who received service falling short of agreed standards from a privatised electricity supply industry mayreceive rebates or vouchers in compensation, Mr Cecil Parkinson, Energy Secretary, announced yesterday.

Mr Parkinson, who received a rapturous reception from delegates on his return to the conference as a minister, said that he was determined to build both competition and customer protection into the arrangements for electricity privatisation.

He pledged that although details of the privatisation were still being considered, "this huge industry will not be sold off as one vast monolithic corporation."

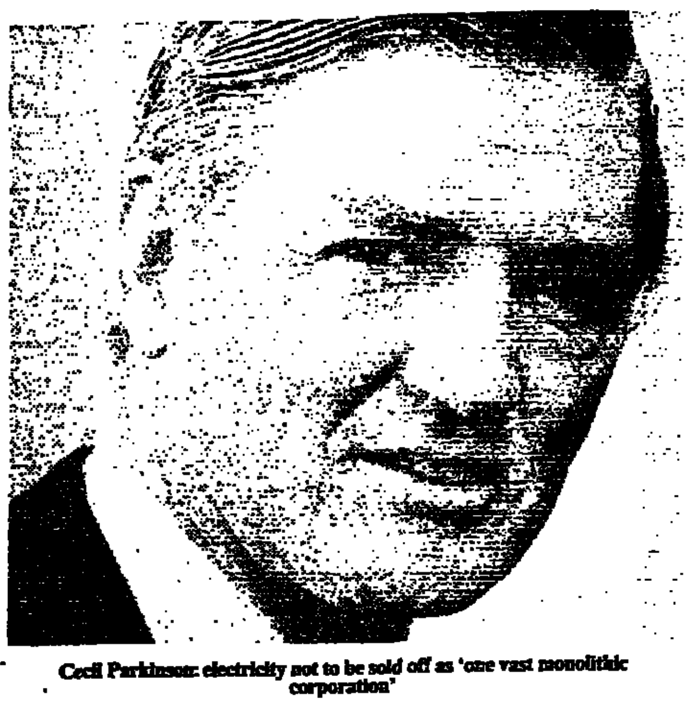
He said that 80 per cent of industry was in the generation and transmission areas, adding: "There is no natural monopoly in generation, and there is no justification in transmission."

Mr Parkinson said that electricity privatisation would follow the pattern of that of other nationalised industries by allowing workers a chance to own shares in the business.

The problems of British Telecom were mentioned by several delegates as containing a lesson for electricity privatisation, but Mr Parkinson said the main ills of the company stemmed from its past.

"The problems we are talking about are not new ones that have been created by privatisation, far from it: they are the lingering legacies of nationalisation," he said.

Mr Parkinson mocked the Labour Party for trying to mimic Conservative policy on privatisation and wider share ownership as "popular capitalism misunderstood," in which the party had no real conviction.



Cecil Parkinson: electricity not to be sold off as 'one vast monolithic corporation'

He said: "Some of the comrades now reckon that a little bit of share ownership could be a backdoor way to hand more power to trade union bosses. To some others, it is merely a cynical opportunity to swap principles for deputy leadership votes."

Mr Parkinson received a prolonged standing ovation at the end of his speech on a motion congratulating the Government on its privatisation programme and seeking further expansion of the programme.

Several delegates called for the regional electricity boards to be sold off separately, and one suggested that groups of power stations or individual stations could be auctioned off to the private sector.

The mover of the motion, Mr Donald Port (Woking), said that the Government's aim should be ultimately to privatise all the nationalised industries and the onus should be put on them to justify why they should not be sold off.

Mr Ian Martin, a Shell Petroleum employee, said that other companies should be allowed access to the national grid to compete with regional electricity boards after privatisation.

Mr Parkinson should prevent another public monopoly simply becoming a private one, he said.

Walker's vision of new Athens

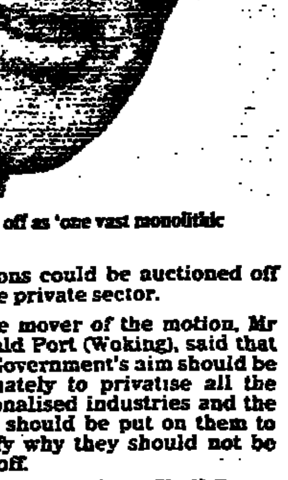
A NEW form of "participating, caring capitalism" promoted by the spread of share and property ownership may be seen in Britain by the end of the century, Mr Peter Walker, Welsh Secretary, told a fringe meeting.

Mr Walker, a leading moderate voice within the Cabinet, said that economic growth was giving the country a chance to become "an Athens without the slaves, and indeed an Athens owned by the Athenians."

His speech contained a broad appeal to the Conservative Party not to neglect its tradition as a one-nation party which made efforts to ameliorate the worst effects of laissez-faire liberal capitalism on ordinary people.

Mr Walker, addressing a meeting organised by the Tory Reform Group, proposed a number of ideas to widen property ownership, encourage small business and eradicate poverty in older industrial areas.

He also called on the the Conservatives to add to the number of schemes in which public sector funding was used to rejuvenate derelict areas of industrial towns to make them



Peter Walker: vision of future

more attractive to private business.

Mr Walker, who is president of the Tory Reform Group, the leading left-wing pressure group within the Conservative Party, said that the Government had to create the conditions for widescale inward investment in British industry.

The Government could stimulate a society in which there was far wider ownership of shares and homes by a number of small measures as well as an overall commitment to creating the conditions for private sector investment.

On council housing, he said the Government should allow "family ownership," under which sons and daughters would be allowed to buy homes on behalf of their tenant parents, in order to stimulate new transfers.

On tax reform, he suggested that managerial skills could be rewarded better by changing tax law to let companies make tax-free lump sum payments to managers after some years of valuable service.

On small business investment, he said that a register of investment needs of local companies could be set up in each town to allow individual savers a chance to make profits while supporting their own communities.

Mr Walker said public sector investment was "absolutely essential" to ensure that schemes such as the redevelopment of the Cardiff Bay area worked because it was a precondition for private business development.

Baker claims unity of views with PM

MR KENNETH BAKER, the Education Secretary, said yesterday that he and the Prime Minister were united in their determination to drive through changes in the state education system.

Only one strong dissenting voice was raised in the debate on education in which the Government had been urged to press on with its controversial election platform for the sector. Mr Baker gave a well-received speech outlining his proposals which include a national core curriculum, the right of schools to opt out of local education authority control and the conferring on head teachers and school governors and further education colleges of control over their own budgets.

He said there were some in the education establishment who refused to accept the new proposals. "I have to say to these people that we will not tolerate a moment longer the smug complacency of too many educationalists who have left our national educational performance limping behind that of our industrial competitors.

"The world around Britain is not going to stand still while we have leisurely debates and tinker with the margins of our education system, Mr Baker said. He had no intention of changing the manifesto commitments. "I will only consider proposals

Kenneth Baker: determined to continue school reforms

which enhance and compliment them," he said.

He added: "I have put my hand to the plough of education reform and I will carry through to the end of the furrow." Mr Baker sought to allay fears expressed by some speakers during the debate about the threat to some subjects under his proposals.

He confirmed that religious education, for example, was guaranteed in the 1944 Education Act. In addition emphasis on mathematics, English and science would leave time for other subjects such as a second foreign language and classics.

Dr David Muffet (Mid Worcestershire), chairman of Hereford and Worcester education committee, was the only speaker to attack the proposals. He said that however desirable the policies as set out in the manifesto and consultation documents, they would prove ill-advised and unworkable in practice.

Drawing on the experience of Tory-controlled education authorities, he spoke of the excellence achieved in many schools. Referring to Labour authorities such as Brent, Haringay and Ealing he said: "Do not demolish the house to get even with the Philistines.

"Our greatest fear is if Mr Baker is not deterred from the path his advisers have set him, the result will be immense and lasting damage will be done to the millions of children in our care and the political consequences will be far-reaching."

Mrs Margaret Howe (Northumbria), in a less blunt criticism, said she needed more reassurance over opting out of schools. Other speakers, however, endorsed the Education Secretary's plans. Mr Alok Sharma (Wokingham) described the proposals as "bold and imaginative."

Mr Kevin Johnson (Eastbourne) spoke of the need to meet the needs of those children who left school with no formal qualifications.

Mr Mark Bishop (Cynon Valley) asked why Britain only produced half as many engineers as France and a quarter of those in Japan. He criticised the emphasis on the arts in schools.

Aid 'mixes interest and obligation'

BRITAIN's overseas aid programme represents "a marriage of national interest and global obligation," Mr Chris Patten, the Minister for Overseas Development, argued last night at a fringe meeting.

Addressing the Fight Against World Poverty meeting, Mr Patten said it was bogus to suggest there was a tension between allegedly hard-headed pursuit of national interest and romantic internationalism. He said that on many occasions Britain's national interests would be best advanced by international agreements and collaboration.

He argued that Britain's political and commercial advantage was linked with its aid policies.

Among a number of examples he referred to Britain's support for agricultural reform and international debt, where the UK had taken initiatives towards helping the poorest African countries which were pursuing sound economic policies.

Mr Patten also discussed the relationship between the aid programme and British trade and industry. He said, however, that "both those who appear to want aid to be solely about purported commercial advantage and those who think that any hint of commerialism is the devil's own work, tend to oversimplify these arguments grossly."

He rejected the view that the aid programme should be used "as a not-so-hidden subsidy for British industry." Similarly he dismissed as silly the propositions "that tied aid is wicked and that using aid to support good trade deals is a corruption of the aid and development process."

Mr Patten said the real issue was the purpose and target of tied aid and mixed financing deals. He said that it depended on the nature of the project and that there was common ground between so-called commercial and development lobbies.

Finally, he said there were idealistic and ethical arguments for aid which reflected Britain's international role. He said that just as at home there was a connection between a successful market economy and a responsible social policy this could be achieved abroad too and the results would not be marginal.

Fresh ideas studied over housing

RADICAL new ideas such as transferable discounts into the private sector for tenants who do not wish to exercise the right to buy a council home are being examined, Mr William Waldegrave, the Minister for Housing and Planning said yesterday.

Mr Waldegrave was replying to a debate in which the Government was urged to review the Rent Acts, currently being studied in the housing white paper published last week.

Mr Waldegrave, in discussing the problems of housing shortages, said the awakening of the rented sector would help to solve the problems of families in bed and breakfast accommodation and for young people.

But other ideas were also being canvassed. He said: "By what right do the Camdens and the rest of them keep good publicly-owned houses out of the hands of organisations that would put them back to work for the homeless?"

"What about George Young's ideas for a transferable discount for those in council houses who don't need or want to be, who might happily hand over a flat or house to a homeless family if we helped them into owner occupation elsewhere?"

Several speakers had expressed some concern over government proposals for privately rented housing. Mrs Shreela Flather (Windsor and Maidenhead) predicted higher rents in housing association homes because of the requirement to raise up to 50 per cent of their capital on the money markets.

She said: "The running down of the housing benefit is growing apace at the same time as there will be higher rents. Lots of people will be trapped by this, including the elderly."

Mrs Maggie Punyer (Lewisham Deptford) in discussing the issue of housing benefit suggested that it should be transferred from the Department of Health and Social Security to the Department of the Environment to stop the problem of spiralling rents not being met.

On mortgage tax relief, Mr Nick Robinson, national chairman of the Young Conservatives, said: "We have to ask whether the massive subsidy to homeowners through mortgage relief is a sensible way of using public money and which assists spiralling house costs in the south-east."

CAP cost threat to livestock farmers

CUTTING the cost of the European Community's Common Agricultural Policy would make an impact on livestock farmers as well as cereal growers, Mr John MacGregor, the Agriculture Minister, warned the conference.

He confirmed that up to 20 per cent of the land currently used for cereals needed to be taken out of production for five years and envisaged increased pressure on the financial returns for the non-arable sector through changes in the present sheepmeat regime.

Mr MacGregor welcomed the conference acceptance of the continuing need for restraint in spending on agriculture. No more than a dozen hands disputed his case at the end of a tranquil debate on farming and the countryside.

He also warmly endorsed the growing recognition of the vital importance of securing diversification in land use to ensure the continuing prosperity of Britain's rural areas.

Mr MacGregor made it clear later that the Government would soon publish its consultative document on the range of options - in addition to a return to fallowing - through which it is hoped to launch a voluntary "set aside" scheme attractive to the large-scale cereal growers.

This is expected to set a minimum qualifying standard but the minister did not comment on a suggestion by Mr John Posnett from Eddisbury that the incentives provided should only be applicable to farms of 500 acres and above.

Mr MacGregor looked to the development of non-agricultural enterprises, perhaps linked to tourism and recreational use, and acknowledged that many farmers would be keen to manage their land for conservation.

Different uses would be right for different farms, he said.

Strong meat on the menu as Monday Clubbers scent Hurd

VEGETARIAN Society chose yesterday to hold a conference fringe meeting to outline a Conservative nutrition policy. It was not very good timing on a day when the capital punishment carnivores of the Tory Party were in full cry after the blood of Douglas Hurd, our amiable and civilised Home Secretary.

Even before the main debate on law and order got under way the pack was given his scent at a crowded meeting of the right-wing Monday Club where his alleged failings and backslidings were listed.

In this visceral atmosphere the audence recoiled in horror as a future of "Chicago-style" murder, violence, rape, mugging, burglary and unbridled anarchy was predicted unless the Government changes its "soft" policies.

Realising from past experience that MPs are likely to vote down a return of the rope, the Monday Club is now demanding a referendum on the subject. The House of Commons had voted against capital punishment (cries of "Shame"). The public had been told they could not have a referendum on the subject. (Indignant shouts of "Why not?")

A speech by that well-known Tory populist, Teddy Taylor, MP for Southend East, was punctuated by thunderous applause when he declared: "The people have been squeezed out of this debate and their views count for nothing."

The Monday Clubbers were told that Mr Hurd might be making a "startling announcement" during the debate. But they were disappointed. The only shock for them came from Dame Joan Seccombe, chairman of of the conference, who sprang a sudden change of plan that bore the hallmarks of classic Tory Party management.

Two amendments - or "addendums" as Conservatives politely term them - appeared on the agenda calling for the return of the death penalty. But, lo and behold, they were spirited away at the last moment and replaced by a compromise amendment recognising the deep public concern on the issue but suggesting that the matter should be considered again by parliament.

Many delegates docilely cheered this decision presumably not realising that it was an almost certain recipe for dumping the issue in the parliamentary dustbin.

Mr Hurd looked nervous as he came on to the platform with Mrs Thatcher. However, it turned out that he had little to fear. These debates are no longer quite as bloodthirsty as in bygone days when excitable representatives offered to do the hangman's job themselves and screamed for the return of the cat o' nine tails.

Although there were some vitriolic noises from the hall during the debate the issue seemed to get lost much of the time as speakers wittered on about neighbourhood watch schemes, the duty of citizens to lock the front door and never to leave the ignition key in the car.

There was some heckling during Mr Hurd's speech but it seemed outweighed by applause. He managed to avoid the knives intended for his own back by promising a crackdown on knives and other offensive weapons carried about the person.

Once again there was no standing ovation for Mr Hurd and Mrs Thatcher, seated beside him, only clapped politely. But Lord Whitelaw, who underwent similar conference ordeals when he was Home Secretary, sympathetically led Mr Hurd from the platform with his arm round his shoulder.

Earlier Kenneth Baker, Education Secretary, received a rousing standing ovation led by the Prime Minister, when he made his mark with an extremely impressive speech winding up the education debate. Like Mr Hurd, he is an old Heathite who has managed to rehabilitate himself.

Later Cecil Parkinson returned from the political wilderness and was given a big hand as he made his comeback in his new post of Energy Secretary.

Which all goes to show there is some smooth to be had with the rough in the climb to political power.

JOHN HUNT

Polishing up a tarnished image

Nick Garnett comments on British Steel's current campaign

SHORTLY AFTER Ian MacGregor took over as chairman of the British Steel Corporation more than seven years ago, the first of many grim messages rolled off the presses of the corporation's internal communications machine.

The first, and the ugliest, emerged on December 15 1980. "Survival" was the headline, as MacGregor told his audience that one of Europe's biggest industrial problems was losing money at the rate of £30 a second. Things had to change quickly or the corporation would go under completely.

It is a sign of the times, in more ways than one, that the corporation is now assaulting the senses of a much wider public with an altogether different message.

Television viewers, rail commuters and motorists have been seeing a much more confident, almost boastful corporation during the past two weeks.

A rash of TV commercials and billboard posters proclaiming the health of the business is part of the corporation's drive to jack up its still-shaky image to the level it feels is justified by its improved profitability and technical capability.

The most vivid example is the "In Shape for Things to Come" TV commercial. British Steel, in the guise of an actor wearing heavy working boots, clumps into a gym. Pumping iron in a sweaty frenzy he watches his paunch slowly contract. "We've made ourselves leaner and tougher and more flexible," says the voice-over. "It hasn't always been easy. But the results have been dramatic."

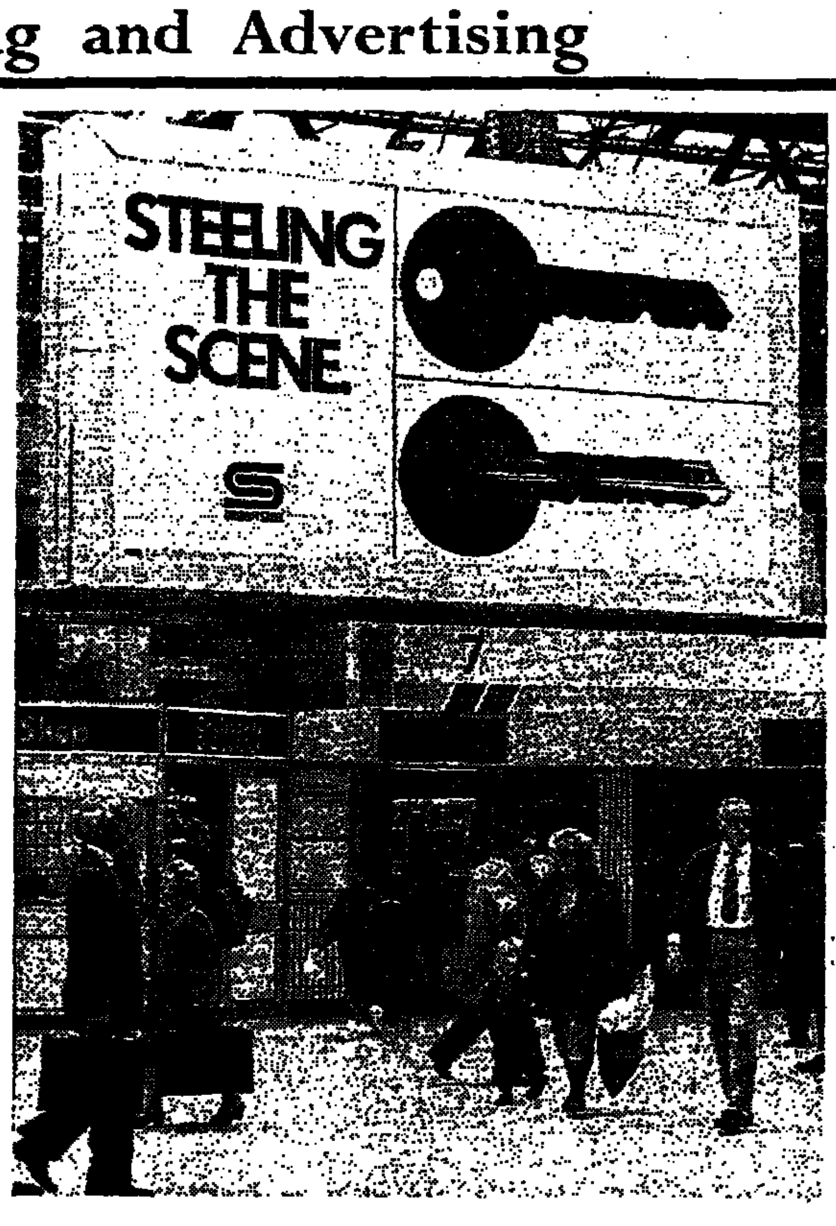
The campaign, which is costing several millions of pounds in the first year alone, is very much the creature of Bob Scholey, the present chairman, and of David Grieves, the corporation's managing director responsible for personnel and social policy. Announcing recently last year's bottom line profit of £178m - only the second after ten years of chronic loss making - Scholey bemoaned the fact that people still thought of British Steel as a "broken-down outfit."

"Our image is still tarnished by years of huge losses," the corporation said this week. "Our image is stubbornly fixed in the public mind and it will take some shifting."

The corporation argues that polishing up the image is a useful way of helping it to sell steel and to boost attempts at recruiting the best university graduates. "It has been very difficult to get high flyers interested in us at all. We have often had the also-rans after the oil companies and the City have taken their pick." It is attracting people of the right calibre now, the corporation hastily adds.

However, there is also the small matter of privatisation pencilled in for 1989 and enthusiastically supported by Scholey. The corporation says the campaign would have run even without this issue, a point readily accepted by John Safford, director general of the Iron and Steel Consumers Council, who thinks the campaign is broadly a good thing.

British Steel, though has at least one eye on its future emergence from state control. Dewe Rogerson, the financial public relations and advertising company which has handled a lot of recent flotation work, including that for British Telecom, the Trustee Savings Bank and BP, has been helping the corporation. It designed the commercials and the posters; the one at Waterloo station is shown here.



The campaign, which also includes newspaper ads, a glossy 18-page brochure and fact sheets for employees' families and MPs, does not include too much, though, about the headaches and uncertainties still surrounding the corporation.

British Steel, as its ad programme proclaims, is pretty well at the top of the European steel tree when it comes to making money. But its gross operating profits as a percentage of turnover are not as high as that of some companies and not enough to cover depreciation, debt charges and re-equipment.

The future of the big Ravenscraig plant in Scotland has still to be decided and the corporation is behind some of its European competitors in technical performance. The EC quota and price regime which defines much of the behaviour of European steel makers is also in the melting pot at a time when the corporation, struggling to supply some types of steel within three months of ordering, is desperately short of quota.

Nor, not surprisingly, do the adverts dwell on the terrible human cost that profitability has brought in its wake. Some 80,000 corporation employees lost their jobs during the holocaust of shutdowns and demanning since 1980 while another 30,000 people were switched to private sector companies as part of the industry's rationalisation.

In Consett, Corby, Shotton and the other sites of partial or complete plant closures, the TV commercials will be met with rueful smiles and some pretty caustic comments.

Still, the corporation will announce next month half yearly profit figures well up on last year's record performance. A business losing more than £1bn a year not so long ago and which was as much a music hall joke as the old British Leyland feels it has every right now to shout about its successes.

Design consultancy

A linking of like minds

Feona McEwan reports on Coley Porter Bell's new chairman

IN WHAT IS believed to be the first example of a leading industrialist making such a commitment, Derek Hornby, chairman of Rank Xerox UK, is to become chairman of a design consultancy. Hornby will join Coley Porter Bell, a bright young consultancy in London's Covent Garden, which specialises in creating identities for companies, products and brands. Leading clients include Marks and Spencer, Boots, Costain, Arthur Andersen, General Accident, British Bakeries and United Biscuits.

The appointment comes on the same day that the Design Council, in the first official measurement of the industry's size, reports that the design business is worth £1.1bn a year - substantially higher than many previous estimates (see below).

Hornby brings more than a weakness for striped shirts to his new (non-executive) role. "My main concern is that design should become a senior management issue," he says. "I hope that I by example can help to get the ball rolling."

Derek Hornby: an example

As head of a company that recently undertook a complete overhaul "top to bottom" of its modus operandi in a bid to meet mounting competition from the design-literate Japanese, he has learnt the hard way the critical value of design awareness.

Admitting to once holding the view that corporate identity was little more than letterheading and logos, Hornby is now a committed believer. The Rank Xerox restructuring programme, which he calls "a complete cultural change," convinced him.

"We learned that people buy on value not on price. It's no good producing the cheapest most effective product if the after-sales service is awful, the customer is not invoiced correctly, the sales department is slack when answering the phone and/or the advertising is a mess," he says.

Indeed, it is this commitment that attracted the eight-year-old Coley Porter Bell, which has grown rapidly, increasing turnover from £165,000 in 1982 to an estimated £2.25m for 1987. The consultancy approached Hornby at the beginning of this year after Rank Xerox UK had won the 1986 British Quality Award, beating IBM and Jaguar. It was eight months before Hornby accepted. He did so, he says, because "the more we talked the more I realised that we were really thinking along the same lines."

Hornby is no stranger to right angle turns in his career. In the 1960s he spent three "wonderful" years as administrative director of the Royal Shakespeare Company, "the last year of Peter Hall and the first two of Trevor Nunn." Hornby says that with Coley Porter Bell he wasn't looking for a walk-on role. "I thought it would be useful to have as a member of their board someone who has used a design product (not theirs) and who'd become very aware of the need for companies to maintain a consistent image to the world both internally and externally."

Companies in the UK are waking up to this slowly; Hornby is also on the board of British Rail which has recently undertaken an overhaul of its design programme under Jane Priestman - but "we've a long way to go."

Now design hits a billion

Feona McEwan reports on the findings of a UK survey

ONE THING the blossoming British design industry has sorely lacked in all the euphoria of being fashionable is facts and figures. Despite the public gaze emanating from the government, the City and industry, no one knew its size, its worth, or its clout, though many have guessed.

No more. With the publication this week of the first full-scale survey of British design consultancy there are facts galore to give a much-needed handle to this burgeoning and influential young industry. There are surprises, too.

The picture that emerges is of an industry in the pink. Growing fast, extending its skills, caring for its own. Design is one of the most dynamic industries in the economy, concludes journalist Beryl McAlhone, who conducted the survey. In many ways, it displays certain unlikely Thatcherite tendencies. It is entrepreneurial, offering high rewards to achievers, at ease with change.

Already - and this is perhaps the main surprise - the design consultancy business, though still a babe, is a billion pound industry. This is virtually double previous estimates. UK design consultancy was worth around £1.1bn in 1985/86, with profits of around £155m.

Turnover has trebled in the five years from 1980 to 1985 and profits more than trebled in the same period. Exports in 1987 are estimated to be £175m. Staff levels this year amount to 29,600 people distributed throughout 2,726 consultancies.

Questionnaires were sent to 452 design consultancies covering product design/engineering design; fashion/textile design; interior design and graphic design.

Engineering as a separate consultancy discipline was not included. Consultancies canvassed ranged in size from between one and five employees to over 100. Of these, 211 questionnaires were returned, which represented a 47 per cent response rate.

McAlhone points out some salutary figures in her introduction which charts the rise of design visibility since 1982. Britain has experienced a drop in its share of world trade from 25 per cent in 1950 to 9 per cent in 1981, with each 1 per cent reckoned by the Department of Trade and Industry to be worth 250,000 jobs. "Good reason for the British establishment to take design on board," she says; it would generate more products for export, and at the same time create jobs.

McAlhone cites as examples of the industry's raised profile the Government's Downing Street seminars on design, (in 1982, and then again in January this year), its Support for Design scheme of subsidised consultancy for small and medium sized companies, and growing City interest.

Design companies, she points out, are now desirable acquisitions, as the fast expanding marketing services groups WPP (now possessor of at least six) and WCRS (with at least two in its stable) have shown.

And with more of the same projected it is no surprise that for companies on the acquisition trail, consultancies are seen as a good buy, she says. If growth is maintained at last year's rate when it grew by 19 per cent, estimated turnover in 1987 will be £1.7bn and estimated profits £265m.

Further evidence of the business community's fascination with design is seen with the adoption by the Financial Times and the London Business School of the Design Management Awards, previously run by the Royal Society of Arts.

In terms of growth, the design community is highly fertile. Of the 211 surveyed companies, half were founded in the 1980s and only 39 per cent are more than 10 years old.

Firms with the largest share of the design market are interior and exhibition design which contributed a third of the 1985 turnover. Graphics and engineering design both contribute about a fifth and the multi-disciplinary and product design firms about a tenth. The handful of large firms carve up nearly half the market, with the myriad tiny firms netting about a fifth.

A study of users of design consultancies reveals that the professions by and large are getting the message and the public sector is not.

The three best sources of interior design work are the professions, the leisure industry and retailing. For graphics, they are food and drink manufacture, consumer products manufacture, and financial services. For multi-disciplinary design groups, the same six sectors apply plus computers and office equipment.

On the export front, consultancies show themselves to be decidedly active. Some 73 per cent of them had done work abroad, with 58 per cent reporting a foreign element in their current turnover. The favourite country is the US, followed by France, West Germany, the Middle East and Benelux.

**British Design Consultancy, Anatomy of a Billion Pound Industry, by Beryl McAlhone, is published by the Design Council, 28 Haymarket, London SW1Y 4SU. £25 plus £1 p + p.*

American Express

Hoping to do even more nicely

BY FEONA McEWAN

A PLASTIC CARD is a plastic card, one much like another to the average punter. So carving a niche in the UK's crowded cut-throat jungle of "flexible" finance is demanding increasing ingenuity.

Visa and Access have been pushing up-market and vigorously pursuing fresh members; others like the TSB are newly arrived in the fray. American Express, which has concentrated on the top end of the market, is therefore under greater pressure to find growth in new areas. This week it unleashes its next promotional phase with the launch of a multimillion dollar television advertising campaign aimed at attracting new cardholders as well as encouraging existing holders to use the range of services it offers.

Amex may cost more to use, have fewer members and fewer outlets than its competitors, but one thing it professes to know a thing or two about, and which forms the basis of the new campaign, is service.

Take the couple who went to Nice for a weekend, for example. There they were asleep in bed, not a stitch on, when an intruder came to call and hot-footed off with their all - car, baggage and Amex card to boot. The concierge's main concern was how they would pay for anything. Allowed one telephone call, they rang their UK bank manager who told the distressed pair that he could do nothing til Monday; what did they expect him to do? The woman then tried a long shot. A plea for just one more - local - call enabled her to contact the nearby Amex office.

An hour after confirming that the couple were indeed bona fide the Amex representative arrived with bank-notes in hand.

Amex takes the service ethic seriously, in good American tradition. Three years ago, many of its UK employees (there are 3,500 in total) underwent a staff training exercise like the British Airways "putting people first" effort, with "we're here to help" promotions alongside continuing incentives like the Best Performer of the Year Award. A programme of staff updates is currently under way.

"We've realised that our customer service is our biggest point of difference," maintains John Peterson, Amex's vice president and commercial director, Travel Related Services UK, "... anywhere in the world, 24 hours a day. It's so patently obvious it's a wonder we didn't do this before," he says of the campaign which focuses on what he calls the "privileges" of being an Amex member.

The fact that competitors like Visa, Access, and the TSB, are, in contrast, pushing the coverage factor in their promotions has not escaped Peterson. "Coverage is only relevant when you need it and you can't have it," he says, by way of explaining Amex's more limited exposure. "What we are looking for is relevant coverage. We're looking at everything else that goes with being an Amex cardholder."

The company makes no bones about its high ground positioning. "We're a premium product at a premium price offering premium service," maintains Peterson. Amex may be chasing new members - but they will be quality members, professional people, that sort of thing. And quantity is apparently not what it's about. "We're not looking to have as many members as others." Access and Visa have about 10m customers apiece; Amex has 1m in the UK.

Hence the theme of the campaign - "Membership has its privileges." It shows someone reporting a lost card and being promised an instant replacement, buying a bike and taking instant delivery, arriving late in a hotel but still in time through the assured booking procedure. All service delivered with the familar 100-watt smile of the "that'll do nicely" variety. As if to prove the point, individuals playing the Amex staff role in the ads are real.

The new campaign, by Ogilvy and Mather, is a continuation of the "do you know me" ads featuring famous faces which has been running in different guises for some years around the world. It is also a continuing move away from the rut Amex originally dug itself into when users had the stereotyped image of being international businessmen travellers and uptake was small. As Peterson puts it: "People said - I'm not an international traveller, I'm not in business and I'm not a man. We were hoist by our own petard."

The campaign is global, on television only, with individual countries tailoring it to their own audiences. Already it has run in the US and Canada, and it will be seen soon in Australia and other nations.

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THE ARTS

National Gallery/David Piper

A coup of calm authority

The portrait of Jacobus Blauw is the first work by Jacques-Louis David to be acquired by a public collection in Britain, and is, in art-historical terms, a great coup. David, however, has never enflamed the imagination of the average British connoisseur, not generally responsive anyway to neo-classical painting, and this portrait, so cool, steely almost in tone and hue, is not one to excite immediate attraction. It is not spectacular — Anita Brookner once wrote of its "almost Quakerish simplicity."

Its gratified subject was not alone in holding David, in the year it was painted, 1795, as the "leading painter in Europe," despite the precarious state of his fortunes in Paris at the moment. Few in England would have agreed with that assessment (apart from any political bias), for Lawrence, assuming the mantle of Reynolds, was opening up the glamorous romantic bravura of his mature style, that was to reach spectacular climax in the effulgent portraits of the victorious leaders of the alliance that hang in the Waterloo Chamber at Windsor Castle. By then, Napoleon's—and David's — France was humbled: Napoleon on St Helena, the aged David likewise in exile, in Brussels, and the Bourbons back in Paris.

"Jacobus Blauw" is, however, a portrait of superlative quality and calm authority. It is an ideal subject for demonstration in this kind of exposition, in the National Gallery's series "Acquisition in Focus": set amongst relative illustrative material, but also given space in which the spectator can collect his thoughts, and precisely undistracted, focus. It commands a wall in the Sunley Gallery, which is painted a Pompeian red for the occasion, sheer but for two elegant tricolours draped aloft (until November 15).

Blauw, a Dutchman, was a committed radical of the left, a republican idealist. Like others of the Dutch "Patriot" party he looked to revolutionary France for support, but as the original ardour and ideals in France became tempered by pragmatic politicians it was the legendary wealth of Holland that interested the French rather than the fostering of the ideals of revolutionary democracy.

Blauw, with a colleague, Caspar Meyer (also painted by David), had been entrusted with the task of persuading the French to agree a magnanimously minimal "price" for their successful "liberation" of the Netherlands, in key with the proclaimed spirit of liberty and fraternity. The French deviously ran rings around them, and forced a treaty gravely disadvantageous for the new "Batavian Republic." Blauw was to become a very disillusioned man, though he remained ever loyal to his principles.

David's characterisation indeed preserves all the concentration of a still resolutely ardent spirit. The composition is "closed," complete in itself—only the sitter's gaze is elsewhere, directed not quite at the onlooker, but intense as if on some other, perhaps ideal, dimension. Otherwise there is no distraction. The hair is powdered to near white, but cut close; the flesh tones almost echo its pallor. The linen is immaculately but plainly white, the sober dark blue of the coat complemented by the blue-green of the tablecloth. The dominance of the head is balanced by the quite complex group formed by the hands with the quill, the white paper, ink-pot, stabilised into still-life by the strong pink chequer of the kerchief beside.

This still-life element rewards close attention for its own sake, integral though it is: painted exquisitely, but without any overt display of virtuoso brushwork as it might be in an English portrait of the period —part of the whole. The portrait is a most cool image of austere refinement, calm yet intensely vital. The sitter, after the frustrating ordeal of his Paris mission, might well, and did, thank his painter for "bringing him to life again."

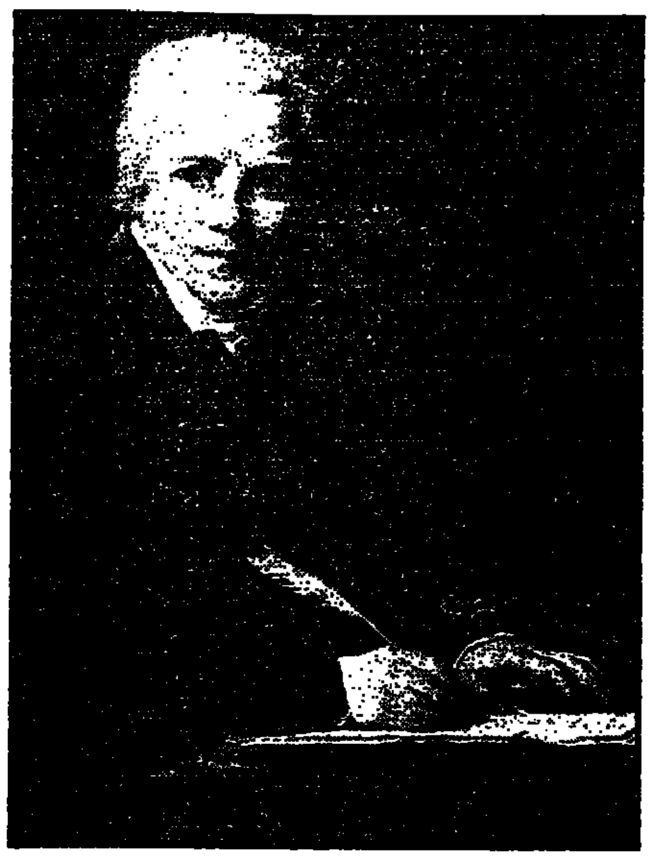
A portrait lives on in tripartite form: that of the sitter, that of the painter, and in the reactions of those who see it through the years. The beautifully resolved composure here can hardly have reflected David's emotional state at the time. There is no parallel in English art-history to David's troubled story. In late 1795 he must have felt his career, even his life, to be still in hazard.

His revolutionary career had reached crisis. He had become not only the chief visual propagandist for the Revolution, but an extreme activist politically in the Jacobin part played in the horror of the Terror, when French history seems in hindsight to be marking-time with the clip-clop of the guillotine as metronome. After Robespierre, a friend, himself fell to the guillotine in 1794, David was arraigned by his enemies. Imprisoned, in grave danger; released, then rearrested for months in 1795.

In the self-portrait, lent by the Uffizi, you can see him as he saw himself rather earlier, on the tide of success about 1791. It is almost dandiacal in dress and posture. There is though a second self-portrait, painted in the early months of imprisonment in 1794. It would have been illuminating if it had been possible to borrow this from the Louvre, but it is reproduced in the booklet that accompanies the National show. His costume is now in disarray, his linen tousled—he presents himself as working painter, palette and brush in hand. It is, however, not a defensive statement, a plea, more of a defiance. This impression is strengthened by a distortion of the mouth, the result of a mishap in youth, that tends to give all portraits of him an expression resembling arrogant petulance, but is especially marked in the later image of himself, and when he was finally released about October 1795, he must still have felt in turmoil, under threat. Yet within a month or so, he was able to marshall all his forces as artist in the flawless and limpid neo-classic equilibrium of this portrait.

The acquisition of this work by David to the formidably, perhaps unmatched, representative collection of European painting in the National Gallery, is attributed to six years of patiently tactful negotiation by the recently retired Director, Sir Michael Levey, with the French authorities for permission to export it. On our side, we might perhaps wonder if there is not some means by which we could export a few prime specimens of, say, work by Constable and Turner, so thinly represented in the major European collections, to blazon abroad something of the great quality of the British contribution to the genius of the visual arts.

The useful little booklet that accompanies the show has been sponsored by the National Westminster Bank; it is written by the organiser of the exhibition, John Leighton, who is also responsible for the audio-visual sideshow for those wishing a wider context. The exhibition is indeed complete within itself but also reminds the visitor that it represents only one facet of one side of David's great variety, and stimulates the appetite, doubtless hopelessly, for a fully representative showing of this formidable artist's achievement. For that, you must take to the air and to the Louvre.



"Jacobus Blauw" by Jacques-Louis David

Leningrad Philharmonic/Festival Hall

Max Loppert

How does one work out, describe, characterize what makes a great orchestra? At Tuesday's concert, the first in London by the Leningrad Philharmoic for a cruelly long time, it required hardly a page of score of the opening work, Rakhmaninov's Third Symphony, to inform the audience that beyond all possibility of doubt they were in the presence of one of the world's great orchestras. Yet, for all the usual lists of peculiar orchestral sound traits, general and departmental, that one might compile on such an occasion in the attempt to distinguish the "Leningrad sound" from any other, it was a harder task to explain why the sum total of those traits was so incomparably thrilling an experience in the concert hall.

The answer, of course, lies in the corporate character of the orchestra's musicianship, and in the character of the conductor's, and in the unpredictable yet inevitable way that—when the partnership is a successful one—those characters can meet and combine in a single surge of unanimous purpose. The conductor of the Leningrad's current British tour is not the great senior Russian, Yevgeny Mravinsky, Principal Conductor since 1938 (and known to many admirers only through treasured Leningrad records); but rather Maris Yansons, currently the orchestra's Associate Conductor. As he showed at the Proms this year with his "other" orchestra, the Oslo Philharmonic, Yansons is a first-rate orchestral moulder. But in Tuesday's performances it seemed less a case of Yansons' moulding powers than of his responding to and directing that brilliant crackle of musical electricity which is the Leningrad orchestra's prime characteristic.

The Rakhmaninov Third, a less obvious, showy blend of the composer's dark-sable colours and nostalgic sentiments than his previous two essays in the form had been, offers numerous opportunities for broadly sweeping string arches, and they were seized to the very fullest (the "antiphonal" violin layout, correct but largely unfashionable these days, lending a wonderful airy brightness to the tone). But the work also offers quiet passages of fined-down texture, often curiously unexpected and poetic in detail; and it was the diaphonous vitality, the urgent yet never insistent rhythmic forward tread, that stamped this a Rakhmaninov performance of altogether enthralling kind.

In the *Firebird* Suite, which closed the official part of the programme, and in the Chaikovsky (*Swan Lake* prelude, overwhelmingly passionate) and Berlioz encores that followed it, the crackle grew to a roar. Each orchestral department has a way of playing with a kind of tonal fearlessness that might be thought to risk assertiveness and even crudity (the woodwind timbres are of extraordinarily distinctive, personal quality) while at the same time displaying group discipline of an order rarely paralleled—this is one of the notable "listening" orchestras. Between Rakhmaninov and Stravinsky, Yansons achieved an on-the-toes accompaniment to Dmitry Alexeyev's disconcertingly uneven account of the Prokofiev First Piano Concerto, now razor-edged in light-fingered wit, now exaggerated, driven, and splashy.

The second (and final) London concert of the Leningrad Philharmonic takes place next Tuesday, and is plainly not to be missed.

Xue Wei/Wigmore Hall

Dominic Gill

The Chinese violinst Xue Wei first came to notice in London five years ago when he won the Outstanding Merit prize at the Carl Flesch Competition. He was then 19; and last year he returned to the Carl Flesch and won it outright, taking not only the first prize but also the two main subsidiary prizes as well.

There is always a time when the purely technical accomplishment of young musical prodigies far outstrips their interpretative abilities. For the most part that is an unavoidable stage—and for a while at least one is glad to wait patiently, and with not a little anticipation, for insight and maturity to catch up. Mr Wei was a sensational young violinist when I heard him in 1982, and I admired his playing again last year. His natural ability is outstanding: but I was disappointed to hear how little of real interpretative consequence he actually did with the music he played at his recital on Tuesday night. There is a stage beyond playing everything with dazzling assurance, very beautifully and correctly; but Wei has not quite arrived there yet.

Franck's sonata (the romantic repertory is clearly Wei's chosen forte) was a splendid vehicle for his unusually rich and warm sonority—bright and clean in the upper registers, strong and darkly burnished in the lower. But he took few expressive risks: the whole effect was more that of a lesson brilliantly learned than of a powerful and original intimate communication. His accounts of Ravel's *Tzigane* and Chaikovsky's little *Valse-Scherzo*, both neatly spun off, likewise spoke more vividly of good-studentish good humour than authentic gypsy fire.

The exquisite cantabile which I remember from his playing of the slow movement of the Chaikovsky concerto last year was again a notable feature of his Chausson Poeme. That was no small pleasure in itself: but the manner was otherwise curiously prosaic, uncertain — as if there were still a teacher prompting somewhere in the wings. His accompanist, efficient rather than inspired, was Andrew Ball — in the Chaikovsky he followed Wei's rubato with almost fanatical precision: but in that kind of waltz you *let* the soloist get ahead occasionally, and wait for him to come back again.

Barbara Marten

The Children's Hour/Derby Playhouse

Martin Hoyle

From being the radical man's piece of chic Lillian Hellman has posthumously fallen from grace, rather ostentatiously revealed as the biggest fibber in school. Apt, therefore, that her drama of destructive mendacity, a tragedy triggered by an apparently motiveless liar who even, one suspects, comes to believe her own fictions, should take the stage with such conviction.

The Childen's Hour enjoyed Broadway success in 1934 and has been filmed twice, most recently with Shirley MacLaine and Audrey Hepburn as the schoolteachers whose world is shattered by a malicious pupil's allegation of lesbianism. Despite misgivings the play emerges less as melodrama than as *heightened* drama. One of the teachers makes a discovery about herself and commits suicide. The engaged couple split up through excessive sensibility as she can never be sure that he believes her innocent. The actions go further than they would in real life; but the motivation is accurate.

The work reads as a sleeky-tailored "problem" play complete with fraught rhetoric, but comes to life grippingly in Annie Castledine's production at Derby Playhouse. There are shaky moments: the schoolchildren are rather large (Charlotte Barker's wicked Mary looks as if she could make mincemeat of most of the cast with one hand tied behind her back); Anthony Ward's non-naturalistic sets of high, white clapperboard interiors with exaggerated perspectives take some getting used to before casting a spell; and Liz Rothschild's matriarchal figure of outraged respectability, a rare example of a young actress succeeding in an older role with fine restraint, is placed too far upstage to carry the authority required in the final scene of reparation.

But the abused teachers are well played by Sally Edwards, a more convincingly dedicated schoolmarm than Audrey Hepburn could ever be, and Barbara Marten. Noting the latter's Thea in *Hedda Gabler* two years ago, I looked forward in these pages to her own Hedda one day. This performance increases my impatience. Tall, loping, faintly mannish as she draws edgily on a soothing cigarette, she bellows in anger or stabs quietly with utterances of repressed fury. The calm of her final self-awareness as, trying to talk herself through the crisis, she stumbles on the truth, is moving. The name that occurs for comparison, Redgrave, whom she even faintly resembles, is so obvious it scarcely needs saying. Further judgment must wait on her appearance in a good play rather than a well-made one.

But well-made it undeniably is. One scene of mounting tension when the accusing Mary covertly blackmails a terrified schoolfellow into hysterically testifying against the women has a curiously familiar ring. Of course—this is *The Crucible* two decades before its time. *The Children's Hour* was revived in the 1950s and, like Arthur Miller's drama, was used as an anti-McCarthyite tract. The Derby programme dutifully makes a case for the play's tolerance of minorities. In fact no such tolerance exists. The tragedy stems from nice girls being *wrongly* acused of unspeakable vice. The assumption of homosexuality as heinous is nowhere contradicted by the author; and when a character discovers the seeds of it in herself there is no way but death. Clever Miz Lillian! Still fooling some of the people some of the time with a liberalism as deep as the face powder tinted the most fashionable shade 1934 could offer!

David Ian to star in "Time"

David Ian is to take over from David Cassidy as "The Rock Star" in Dave Clark's musical *Time* at the Dominion Theatre on October 28.

Jean François Gardeil/Wigmore Hall

David Murray

Gardeil is a personable young baritone as well as a highly gifted one (duly awarded some of the top French singing prizes), but the persona (sic) is unusual, even *farfelu:* imagine something between Rowan Atkinson and Jack Shepherd, with an extra hint of Gallic precocity. Mobile face and hands at the ready, and several distinct forms of elegant slouch, he makes a natural cabaret performer. The voice, deceptively light (for half-explored depth and power were detectable in the lower range) but with a fine cutting edge, is cultivated, flexible and stamped with character. He should be interesting in the forthcoming *Don Giovannis* at Rennes and Paris.

His recital on Monday included nothing on that scale, though he began by treating Faure's *L'Horizon chimérique* almost as if it were: imprudent (especially at his brisk tempi), for if there's an "epic" quality in that cycle it is a matter of breadth and translucency rather than immediate drama. Debussy's Villon ballads, vividly contrasted, were more persuasive, and some very late Roussel—besides the familiar "Jazz dans la nuit"—was nicely wry. In Ravel's *Don Quichotte* songs, Gardeil achieved the rapt climax of the "Chanson épique" excitingly.

In the outer Quixote songs and in Gardeil's rich Poulenc haul, his accompanist Billy Eidi supplied neither enough rhythmic definition nor enough character. Unless Eidi was exercising special, undue caution about the Wigmore acoustic, theirs is too unequal a partnership to make sense of reported comparisons with Souzay-Baldwin and Bernac-Poulenc: one missed anything remotely like Poulenc's incisive attack and independent wit (most of all in Eidi's insipid "Paganini"). The accompaniments sounded all of a muchness—in songs which covered a great expressive range—and practically every harmonic crux was ignored. A pity, since Gardeil is brilliantly attuned to Poulenc: ingenuity with the vocal line *must* have solid backing in this music. One minded less in their over-generous representation of Guy Sacre's songs after the campier Cocteau, for Sacre's "self-taught" idiom proved to be a thin, undirected echo of the "Les Six" manner. He must be a friend of somebody.

The Man of Mode/Swan, Worcester

B. A. Young

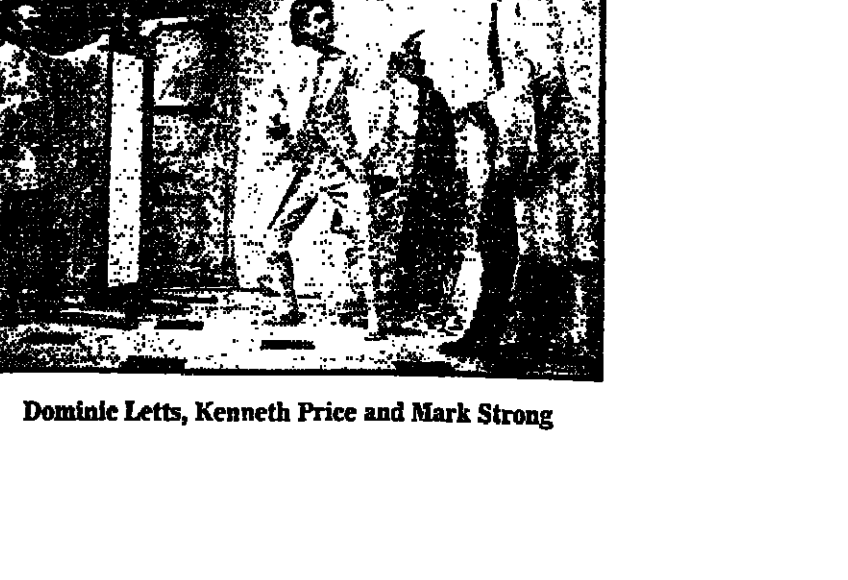
The little Swan Theatre has made a very brave attempt at Etherege's pretty comedy under the direction of Graham Callan. The humour comes over well, with only occasional excesses, and on the night I was there the house clearly enjoyed it. Lez Brotherston has conjured up some serviceable sets out of hanging white draperies and little else, and once we were used to that we had no trouble in placing ourselves in the Mall or Dorimant's dressing-room or whereever.

The costumes may not have had quite the excellences their wearers are made to describe, but they were redolent of late 17th-century chic in their way. I could not quite go along with Lord Townley's long black gown, but Maxwell Hutcheon wears it with grace. As for Sir Fopling Flutter (Steve Swinscoe), his black wig with the two pieces at the top that suggest rabbits' ears shows just the right quality of parody, but he must polish up his French. He doubled his continental chic by making his page wear a wig exactly like his own. With the ladies there is no problem, and they all look ravishing except the orange woman.

Some of the finer points of the lines are lost by playing the whole thing too fast. The text is given only modest cuts (though Lady Woodvile's home in Hampshire has been moved to Worcester). Dorimant pretty well sums up the plot when he says, "Next to coming to an understanding with a new mistress, I love a quarrel with an old one," and the subtleties are in the lines. There were some shortcomings in accentuation occasionally, that matters in such circumstances and now and then the final words in lines were given less than their due, but both of these faults can be ascribed to haste.

Kenneth Price, tall and good-looking, gives Dorimant the right kind of arrogance blended with enough charm to seduce a readily-seducible woman and Richenda Carey contrives to keep Mrs Loveit attractive while not hesitating to suggest that she is a year or two older than the other ladies. (Should not "Mrs" be spoken as "Mistress," though?) Of the younger ladies I was particularly entranced by Karen Henthorn as Harriet, who puts an exact proportion of modern teenager into her performance. I hope I shall see her Mrs Pinchwife one day.

David Rose is old Bellair, perhaps not quite living up to his "Adods" but a sporting oldster enough; Mark Strong makes enough of Young Bellair, which is simply to be handsome and courteous. I did not much care for Dominic Lett's rather common Medley. Bellinda (Amanda Wenburn) and Emilia (Jan Dunn) fulfil their functions charmingly enough, to be around as possible fodder for the men.



Dominic Letts, Kenneth Price and Mark Strong

Arts Guide

October 2–8

Exhibitions

WEST GERMANY

Hildesheim, Roemer- und Pelizaeus-Museum, Am Steine 1-2. Egypt's rise to a World Power: More than 300 pieces loaned by 20 museums in Europe, Africa and America – the first presentation of the most important 150 years 1550-1400 BC of the New Empire in Egypt. The bust of Pharaoh Thutmosis III, discovered in 1907 without a face, can be seen complete in Hildesheim. The face, found in Egypt only 20 years ago, was loaned by a Cairo Museum. Another highlight is a reconstruction of the 3000 year old burial chamber of Sennefer, the former mayor of antique Thebes. Clothes, household appliances, tools, cosmetics and jewellery illustrate the everyday life of Egyptian citizens. Ends Nov 29.

ITALY

Venice: Ala Napoleonica and Museo Correr: 'Matisse and Italy': over 250 works by one of most poetic of 20th century French Painters. The exhibition includes paintings, drawings, and Matisse's entire output of sculpture (75 pieces in all), lent by private and public collections in France and America, and the Musèe Matisse in Nice. Pierre Schneider, the organizer, has attempted to show how the works of Italian painters such as Mantegna, Pollaiolo, Giorgione and Veronese *may have* influenced Matisse. Until October 18.

Venice: Palazzo Grassi: Jean Tinguely: 1954–1987: The jokey mechanical sculpture of Swiss artist Jean Tinguely. A gentler, but still mischievous, version of Salvador Dali, Tinguely describes some of his incredible moving sculptures (all built from refuse iron and steel) as "machines a sentiments," and the complexity and sheer improbability of his works communicate a touching "joie de vivre." Over 300 works are on show, lent by American and European museums, with photographs of his first Self-Destructing Sculpture. Homage to New York, which duly self-destructed in the gardens of the Museum of Modern Art in New York in 1960. Ends Oct 18.

SPAIN

Barcelona: "Leonardo da Vinci. Nature Studies" 50 drawings on loan by the Royal Library at Windsor Castle, shown recently at the Metropolitan Museum, Stockholm and Tokyo. Centro Cultural La Caixa, Paseo de San Juan 108. Ends Nov 8.

Madrid: "Beuys, Klein and Rothko. Transformation and Prophecy". Centro Cultural de la Caixa, Serrano 60. Ends Nov 8.

Madrid: "Ouka Lele 1977-1987". A retrospective of Madrid's "movida," photographer with her colouring effects, shows her latest controversial piece "cibeles" requested by Madrid's town hall, halting the capital city's main square and causing a tremendous traffic jam last summer. Museo Espanol de Arte Contemporaneo, Avda Juan de Herrera. Ends Nov 3.

Madrid: "Mark Rothko 1903-1970". 54 works by North American artist of Russian origin grouped with de Kooning and Pollack. This show was seen recently at the Tate in London. Fundacion Juan March, Castello 77. Ends Jan 3.

Madrid: "Mies van der Rohe". 150 drawings by the architect to commemorate his birth was prepared by the Art Institute of Chicago and shown in Frankfurt and Paris last. Sala Mopu, Nuevos Ministerios. Ends Nov 1.

NEW YORK

Metropolitan Museum: 200 objects from the Age of Sultan Suleyman the Magnificient demonstrate the wealth and skills at the high point of the Ottoman empire in the sixteenth century through the large selection of illuminated manuscripts, the imperial wardrobe, ceramics and jewel-encrusted weapons. Ends Jan 17.

Center for African Art: Angles on African Art features ten co-curators, ranging from an African tribesman to collector David Rockefeller, each of whom chose ten of their favourite pieces, making a well-rounded and diverse show. Other curators are writer James Baldwin, artists Nancy Graves and Romare Bearden and curator William Rubin. Ends Jan 3.

IBM Gallery: Post Modern Architectural Visions includes an international array of designers including Michael Graves, Hans Hollein, and Adolfo Natalini with 200 drawings and models of work from 1960 to 1985, originally organised by Williams College and Deutsches Architekturmuseum in Frankfurt. Ends Nov 7. 56th & Madison (407 6100).

CHICAGO

Art Institute: Walker Evans photographs of the 1930s showing poverty and despair in the American South were famous in their time in Life Magazine and preserved in James Agee's moving book, Let Us Now Praise Famous Men. This exhibit is a reminder at a time of renewed despair in the American heartland of the scope and depth of Evans' work originally done for the Farm Security Administration. Ends Nov 8.

WASHINGTON

National Gallery: A Century of Modern Sculpture, the Patsy and Raymond Nasher Collection, contains major works by Rodin, Picasso, Matisse, Gabo, Giacometti, Ernst, Moore and Serra. Ends Jan 3.

TOKYO

European Nature in 18th Century Japanese Art. This exhibition is of Japanese art inspired by Dutch manuals imported into Japan in the early 18th century after the Japanese Government lifted its 200-year-old ban on foreign materials. The 160 paintings and sketches of European flora, fauna and people throw some more light on the Japanese phenomenon – information-hungry and seeking to catch up with the West from the first slight opening of the door to the outside world in 1720. Suntory Museum of Art, Akasakamitsuke. Ends October 25. Closed Mondays.

Rosanjin Kitaoji Ceramics: With Shoji Hamada this potter is recognised as one of Japan's important potters working in the folk tradition – benefitting from the influence of England's Bernard Leach. There are 150 interesting works and the design of this modern new museum and its parksetting are noteworthy. Setagaya Art Museum. Ends October 18. Closed Mondays.

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Thursday October 8 1987

Competition in Europe

IF THE European Community is to abolish all internal trade obstacles, as it aims to do by 1992, few people would dispute that it will need a firm and coherent competition policy tailored to the dimensions of a single market. However, translating this broad principle into practice is fraught with problems.

The scale of the task is clear from the impasse over the EC commission's long-standing request for powers to control cross-frontier acquisitions and mergers. This week, Mr Peter Sutherland, the competition commissioner, finally lost patience and challenged the Council of Ministers to stop procrastinating and make up its mind about the proposal by the end of next month.

Fundamental reasons

Though the UK has displayed the greatest public reservations, other governments are also dubious about the plan. Several are reluctant to cede sovereign authority to a supra-national body not noted for swift decision-making. There are also uncertainties about how the proposed EC regime would mesh with national competition policies and the precise circumstances in which it might be applied.

Beyond that, though, there are more fundamental reasons for questioning whether Mr Sutherland is right to try to force the pace now. The most important is that EC governments still cannot agree on what they want from a Community merger policy.

Opinions are divided over whether the main emphasis should be on maximising competition or on facilitating industrial rationalisation through EC-wide and national mergers. West Germany favours the former goal, while Britain, France and Italy, in varying degrees and for different reasons, tend towards the latter. Some smaller countries, meanwhile, hope an EC merger policy would shelter their national industries from foreign predators.

A broadly similar spectrum of views exists about the purpose of creating a single market. Bonn's interest is in a fairly open trading unit which would provide a springboard for wider international expansion by European businesses. But in Paris, the single market is often portrayed more as a protective bulwark against the rest of the world, behind which EC industries could re-group.

Mr Sutherland, for his part, has invariably given the promotion of competition priority over industrial policy initiatives supposedly designed to bolster the competitiveness of specific companies or sectors.

He is right to be concerned about excessive industrial concentration. The development of a truly competitive single market would be frustrated by the cartelisation of European industries behind EC trade barriers or by unilateral government actions to strengthen national suppliers at the expense of their rivals abroad.

But Mr Sutherland's own views, however forcefully articulated, do not provide an adequate assurance that Brussels will wield effectively the wide discretionary powers which it is seeking. It is unclear that the commission, as it operates at present, is institutionally well-equipped to apply such powers in a consistent and even-handed manner.

Conflicting priorities

Not only has its competition directorate been frequently criticised—by the European Court of Justice among others—for slow and sometimes sloppy procedures. The commission is also unavoidably subject to a wide range of political pressures which do not always mesh easily with the interests of competition policy. In particular, there are obvious tensions between the commission's increasingly hard line on trade with Japan and maintaining the free access to the EC market which Mr Sutherland considers an important criterion for judging mergers.

Some would argue that the collegiate nature of the Commission enables such conflicting priorities to be reconciled efficiently. However, it is noteworthy that in the US and West Germany, the two countries with the most vigorous competition policies, anti-trust agencies have long enjoyed considerable independence from other branches of government.

By threatening to enforce Brussels' existing merger powers more aggressively unless the 12 agree to his proposals, Mr Sutherland is rushing the fences. The need for a fully-fledged EC merger policy is unlikely to become pressing before 1992, and quite possibly later. Rather than attempting to impose a solution now, the commission could use the intervening period more productively. It should seek to nudge governments towards a consensus, and to satisfy them that it is up to the task of discharging the extra powers it wants.

When perks are divisive

THE young British businessmen and women who this week called on companies to stop providing their managers with cars, and to close down their executive dining rooms, rightly see such actions as a way of helping to eliminate the "them and us" attitude which still persists in so much of UK industry. The managers, members of the Confederation of British Industry's 2010 Group, also make the welcome demand that the Government change a tax system which makes company cars so attractive to both the company and the individual.

As the group said, managers and employees will only see themselves as members of an effective team if they share the same basic conditions of service. Hence the group's emphatic rejection not only of company cars, but of share option schemes which are available only to senior managers.

By a striking coincidence, the group's Programme for Action appeared on the same day as two other revealing reports on the pay and perks enjoyed by Britain's senior managers. The first showed just how firmly entrenched the executive car has become. Eighty per cent of the 7,080 executives surveyed have company cars. So do 98 per cent of the directors surveyed. The second report disclosed that Britain now has four directors earning more than £1m a year. The highest paid of them reportedly earns just over £2.5m.

These pay figures include salaries and other cash earnings, as well as the taxable value of benefits in kind. They do not, however, include executive share options. This suggests that, when it comes to spectacular earnings, we have not seen anything yet. The share options offered under the 1984 Finance Act cannot be exercised for three years if the manager or employee concerned is to escape income tax. Companies began to set up these schemes in late 1984, so the first batch of option-holders are probably about to exercise them.

These share option schemes and company cars have two things in common. The first is that they tend to promote the sort of divisiveness the 2010 Group inveighed against. The more junior the manager, the less likely he is to have a company car. So too with share options. Unlike the two earlier share schemes set up by the Finance Acts of 1978 and 1980, the 1984 Finance Act allows companies to discriminate widely between employees when making options available. The second common factor is the extent to which the tax system encourages the use of both perks. Under a 1984 Finance Act scheme, the employee is liable to capital gains tax on disposal of the shares, but does not pay income tax. Company cars are taxed at far less than their full value.

Distorted choice

The onus should be on companies to make options available to as wide a group of employees as possible. The company car, on the other hand, requires government action of a different sort.

From an economic point of view, payments in tax-subsidised kind are less desirable and efficient than the straight distribution of cash. The current system distorts choice by su sidising companies and their employees to provide (and receive) a relatively standardised set of high-value goods. If those same employees were given the monetary equivalent of a two-litre car, many of them might exercise their newly-free choice to trade-down, and spend part of the money on something else.

It is, of course, the fear of such a free-market calamity that has prompted the British motor industry to lobby so fiercely over the years against the removal of tax incentives on company cars. The government, for its part, has resisted repeatedly the temptation to bow entirely to its principles, going instead for slight increases in the tax on company cars. It may be time to think again.

The Commonwealth has lost the initiative on South Africa.
Victor Mallet looks ahead to next week's summit

Out of the limelight

AFRICAN MEMBERS of the Commonwealth probably wish they had never heard of Fiji. The complexities of Pacific Island politics could steal valuable time at the Commonwealth summit in Vancouver next week from the issue they still regard as by far the most important — South Africa.

Apartheid and economic sanctions are not the overwhelmingly dominant international issues they were a year ago. President P. W. Botha has all but crushed a rebellion in black townships and muzzled the media in South Africa. Conservative western governments think they have gone far enough in imposing sanctions they never believed would work anyway, and spend much of their time worrying about events in the Gulf.

South Africa nevertheless remains uppermost in the minds of Mr Botha's neighbours, not so much because they abhor racial discrimination, but because the entire region is in a state of economic, political and military turmoil which they attribute to the machinations of the Government in Pretoria.

Mrs Thatcher greeting the Eminent Persons Group last year: South African raids put paid to their mission

South Africa's main regional export is seen by the black frontline states to be destabilisation — a policy of crippling its neighbours to prevent them from harbouring nationalist guerrillas, to keep them economically dependent on South Africa and to make black majority rule look a failure.

The Commonwealth, deadlocked on sanctions, is likely to pay close attention to the issue of destabilisation and the possibility of further military help for the frontline states.

Evidence of destabilisation in the region is abundant: Mozambique, vital as a route for diverting the trade of landlocked countries such as Zimbabwe away from South African ports, is in turmoil as a result of a guerrilla war waged by the Mozambique National Resistance, widely viewed as South African-backed; the Zimbabwe government has accused Pretoria of supporting sporadic attacks by dissidents in its south-western province of Matebeleland; Zambia too accuses South Africa of training dissidents and suffers from the wars on its borders in Mozambique and Angola.

In Namibia (South-west Africa), the South African occupation continues and in Angola Pretoria openly supports the rebels of Dr Jonas Savimbi's Unita movement in their fight against the Marxist Government. Botswana, Lesotho and Swaziland are almost entirely in the thrall of South Africa.

Deprived of friendly buffer states since the end of Portuguese rule in Mozambique and Angola in 1975 and the independence of Zimbabwe under a black government in 1980, South Africa's military commanders have cajoled, threatened or crushed neighbouring countries into a state of compliance or chaotic disarray.

Last year South African raids on the capitals of Zambia, Zimbabwe and Botswana put paid to a Commonwealth effort to engineer a negotiated settlement of the South African crisis; in response to the raids, the Commonwealth's Eminent Persons Group abandoned efforts to bring the African National Congress (ANC) and Pretoria together.

With the help of western donors, the nine-nation Southern African Development Co-ordination Conference (SADCC) has been slowly reinforcing trade routes which avoid South Africa. But the region remains heavily dependent on the republic, both as a trading partner and as a route for commerce with the outside world. Zimbabwe actually increased its imports from South Africa in the first quarter of this year compared with the first quarter of 1986.

Despite the evidence of Pretoria's attempts to destabilise its neighbours, the frontline states in the Commonwealth—Zambia, Zimbabwe, Tanzania and Botswana—do not go to the Vancouver summit with a particularly strong diplomatic hand or many new ideas to show to their chief political opponent at the meeting—Mrs Thatcher, the British Prime Minister.

"What would be helpful," says a resigned Mr Oliver Tambo, the leader of the ANC, "would be a decision to impose comprehensive economic sanctions as well as support for the frontline states. But I expect Mrs Thatcher to go it alone.

Those views are echoed by the frontline states. "The present policy of the British Government seems to be to leave South Africa alone," says Mr Luke Mwananshiku, Zambia's Foreign Minister. "But you can't leave South Africa alone, because South Africa doesn't leave everyone else alone—including their own people."

With most members of the Commonwealth demanding mandatory, all-embracing economic sanctions against South Africa, and Mrs Thatcher resolutely opposed to further measures, there is a risk that the summit will become a sterile slanging match.

To try to avert this, the British Foreign Office is anxious to steer the argument away from sanctions and towards the logistical, financial and military help which Britain and other western countries are giving to the frontline states to allow them to reduce their dependence on South Africa. A booklet published by the Foreign Office ahead of the summit makes the point that Britain has given £819m in aid to the nine members of SADCC since 1980.

The frontline states have responded by rejecting the idea that such aid can be seen as an alternative to sanctions. They also say that their own dependence on South Africa should not be used as an anti-sanctions argument. For them, comprehensive sanctions—by trading partners other than themselves—are the best way to end apartheid.

British officials find this exasperating. "The big mistake," says one, "is that they have reduced the debate about South Africa to one simple morality test: are you in favour of sanctions? We say to them, our trade is going down, yours is going up. But they don't want to know that."

Britain goes to Vancouver secure in the knowledge that while it has fulfilled its promise to impose limited sanctions, the frontline states have not.

At a Commonwealth mini-summit in August last year—in a blaze of publicity and amid much condemnation of Britain—Zambia and Zimbabwe promised to cut air links with South Africa. A year later they abandoned the plan.

The frontline states therefore approach the summit from a position of some weakness. Apart from the failure to cut air links, there is evidence that South Africa is using neighbouring African countries as sanctions-busting routes for its exports, a situation which undermines such western sanctions as there are. The frontline states also like to condemn South African political repression and human rights abuses, but some of their own records are far from spotless.

Economic sanctions applied to South Africa and to other countries have a chequered history and the rationale behind them is often confused. Some proponents of sanctions think such measures will persuade President Botha to see the error of his ways; some believe that sanctions can choke the economy and so help to cause a revolution; others believe that the South African establishment will weaken under sanctions and be forced to negotiate.

None of these arguments appears likely to sway Mrs Thatcher. To avoid a fruitless confrontation at the summit, the participants will probably have to agree to differ on sanctions at the same time as reviewing the effectiveness of the measures taken so far, taking steps to rescue the frontline states from South Africa's economic and military stranglehold, and looking for ways to solve the foreign debt crisis faced by Africa and the rest of the Third World.

The frontline states and the Commonwealth appear to have lost the initiative on the South African issue which they held just over a year ago. South Africa's neighbours can do little except reinforce their defences, divert their trade away from South African ports, and watch the regional superpower exercise its hegemony, just as it has done for many years.

THURSDAY BOOK REVIEW

Veil: The Secret Wars of the CIA 1981-1987

By Bob Woodward
Simon Schuster; £14.95

BOB WOODWARD cannot write. On the third page of All the President's Men, recreating the very beginning of the Watergate saga, it states: "One office rumour had it that English was not Woodward's native language." Fifteen years, five books and countless Washington Post articles later he is still stuck with a literary style which suggests that he and Jeffrey Archer had the same tutor.

It is a fault which has mattered not a dime, for the very simple reason that Mr Woodward does one thing better than just about any other journalist in the game, which is to report. It is precisely this reputation, embellished as much in his books on John Belushi, the American comic actor, and on the US Supreme Court, as in his investigations of the high and mighty in political Washington, that is now being questioned in the US on two counts in connection with his latest book.

The first is whether or not he actually visited William Casey on his death bed and extracted a last, albeit elliptical, confession that the Central Intelligence Agency had done things, mostly but far from exclusively in support of the Nicaraguan contras, that were way beyond its charter.

The second centres on whether Mr Woodward's duty to the public as a reporter was forgotten in that much of what he has unearthed in his book might well have appeared in the pages of the Washington Post before the inimitable Mr Casey took so many secrets to the grave.

Political Washington has long been an insider's town and this is the quintessential insider's book. Its cast of characters includes the blue chip members of the intelligence fraternity of the post-war years, from Richard Helms to Oliver North and Barry Goldwater, yet all are dominated by the curious, brooding and often incomprehensible figure of Casey.

Indeed the book might better have been called Casey at the Bat (after the famous baseball poem) or The company Casey keeps (an inspired headline coined by the New York Times). Yet, because Mr Woodward is a reporter not a pyschoanalyst it is not always easy to divine what really made William Casey tick.

Some salient factors do stand out. Casey was a member of the Office of Strategic Services (OSS), the wartime espionage outfit run by "Wild Bill" Donovan that was the precursor of the modern CIA. Its ethos was covert action, and, true to its spirit, Casey himself never had much truck with those immersed in electronic espionage, or with those who questioned the legitimacy and the political wisdom of subversion.

Hence he fell out with the ultimate "modern" master of the spy trade, Admiral Bobby Ray Inman, who has now, in some quarters, been fingered as Woodward and Bernstein's Watergate "deep throat." For the same reason, he came to like and admire Col North.

Casey's own ideology was not complex, in that he subscribed, fully, to the "evil empire" thesis of east-west relations. Yet he was uneasy with some of the wilder ideologues inside the Reagan Administration, principally because their lack of discipline was likely to compromise his undercover operations.

Mrs Jeane Kirkpatrick, the former Ambassador to the United Nations, and very much an admirer, explained the Casey approach thus: "Diplomacy and direct military action were not options. The President neither wanted to sit down with the Soviets nor wanted to fight them. Covert action was the mechanism for containing or limiting US involvement abroad while getting the job done; and he wanted to keep that as secret as possible."

His relationship with the President was, however, not quite as intimate as might be supposed. Though manager of the successful campaign in 1980, he was not a charter member of Mr Reagan's kitchen cabinet of old friends. Conversations between the two generally consisted of Casey mumbling and Mr Reagan nodding off.

But he had reliable conduits to the President's ear, such as Edwin Meese, now the Attorney General, capable of offsetting the man in the White House whom he really distrusted, James Baker, now Treasury Secretary. Later, as Irangate assumed a momentum of its own, North and Poindexter filled the bill.

Mr Reagan also provided Casey with an important form of indirect protection. First he insulated him from the worst consequences of the CIA director's appalling misrepresentations to the congressional intelligence committees (even Barry Goldwater, who should have been a friend, despaired at times). Second, the "teflon president" protected many, including Casey, suspected of the "sleaze factor"—that is a less than scrupulous observance of the laws of the land.

As previously noted, Mr Woodward reports wonderfully, but does not prescribe. But one interpretation of this book is that Casey, a throwback to an earlier age, could only have flourished in a presidency like Mr Reagan's. The hope is that the excesses are not repeatable, the fear is that "the rogue elephant on a rampage" (Senator Frank Church's famous description of the CIA in the 1970s) has yet to be permanently tethered.

Jurek Martin

Men and Matters

Messenger to the board

Messenger boys who make it to the boardrooms of City finance houses must be as rare as army privates who find a field marshal's baton in their knapsacks.

But it does happen. This week, Peter Hardy who started work in the City as a messenger boy back in 1953, joined the board of S. G. Warburg Group as joint head of its UK equity division.

"I really wanted to be a policeman," Hardy says. "But I wasn't tall enough." So he started work for stockbroker Read, Hurst-Brown on his 15th birthday. He was a messenger for 18 months—"one of the longest-serving the firm ever had"—before he was moved into the general office.

There, Hardy discovered he had a facility for maths. "I couldn't help adding up numbers." He was rapidly transferred to the "stats" department and was soon doing valuations for private clients.

By 1960, with the encouragement of the firm's partners, Alan Hurst-Brown and Alastair Ferguson, Hardy began to specialise in the property sector. He was made a partner, himself, seven years later at the age of 28—"pretty unusual at that age," he admits, "and I didn't own a golf club."

Hardy became the City's leading property analyst, topping the Continental Illinois charts for some 10 years running.

Read, Hurst-Brown merged in 1974 with Rowe & Pitman which last year was itself merged with Akroyd & Smithers, Mullens & Co and Mercury Securities to form Mercury International. Through these moves, Hardy—with the support of a loyal team, he modestly insists — has remained pre-eminent in the property field. Mercury now acts as brokers to a large number of property companies, and generally dominates the sector in a way that is unmatched in any other area of the market.

"She sounded suspiciously like Mr Heseltine to me"

Swedish slip

One of Sweden's most celebrated spies succeeded in giving his minders the slip during a visit to his wife sometime earlier this week. The incident has sparked off a row between the prison authorities and security police, and once again raises questions about the efficiency of the Swedish police who have been strongly criticised in recent months for their conduct of the Olof Palme murder investigation.

Stig Bergling, who worked for the Swedish security police (Säpo) and for the defence staff security division, spied for the Soviet military intelligence service (GRU) during the 1970s.

In 1979, he was sentenced to life imprisonment for passing on information about security police activities to suspected Soviet agents.

On Monday evening, Bergling (who now has a new identity, has shaved off his moustache, and is known as Eugen Sandberg) was taken by a prison officer to see his wife in Stockholm. The couple were left alone — though the flat was supposedly under observation by Säpo officers — but when the prison officer returned at Tuesday lunchtime, they had flown the nest.

A national alert did not go out until several hours later at 10 pm, thus giving the Berglings a 24-hour head-start on their captors—and now the police and prison authorities are squabbling over who is responsible.

Bright prospects

Warsaw's last shoeshiner retired when his base, the fin-de-siecle Bristol Hotel, was closed for restoration a few years ago. All the more surprising for passers-by yesterday when a shoeshine stand reappeared on a Warsaw street. Some even agreed to have their shoes cleaned, little knowing that the cleaning was being done by Malgorzata Daniszewska, the wife of the Government's controversial spokesman Jerzy Urban.

She works for a monthly paper called Firma which is aimed at advising private enterprise and which, as the Government gears itself to announce a greater role for the private sector at the weekend, hopes to expand its circulation.

Urban himself turned up to view the stunt whose slogan was: "There's money on the street. All you have to do is pick it up."

As his wife cleaned his shoes (his bodyguard had to go without a shine) passers-by calculated that at 150 zlotys a time (50 cents) a shoecleaner could make over 100,000 zlotys a month, well over the present ministerial salary.

Editor regrets

Connoisseurs of the Abject Apology will savour this one.

The Editor and Proprietors of The Times of Swaziland recently extended their apologies to the minister of defence for erroneously including his name among those arrested and charged with treason.

"Though our reporters checked as thoroughly as was possible under the circumstances we are deeply sorry that the error arose. Further, we regret any inconvenience and injury which may have occurred . . ."

Share watch

VSEL shipyard workers at Barrow-in-Furness and Birkenhead have reason to smile this week, with the news that their company has won a £400m order for the second Trident missile submarine.

Eighty-two per cent of them took up their share allocations in the 1986 buy-out of the yard, and they have since seen their £1 shares soar in value.

Chief executive, Rodney Leach, who was at the Birkenhead yard yesterday for the launch of HMS Campbeltown, a type 22 frigate, was hailed by a gateman as he walked out of the yard. "Six-forty three, sir."

Leach checked his watch. "No . . . five-thirty." The gateman: "Sir, I'm giving you today's closing price."

School term

Two and a half thousand Birkenhead children were given a morning off school to watch the launch of the local shipyard's £140m addition to the Royal Navy's fire power.

A woman teacher explained "We have it in the timetable as peace studies."

Observer

ECONOMIC VIEWPOINT

The UK needs a budget surplus

By Samuel Brittan

THE REPORTED difference of £3½bn to £4bn between the UK Treasury and the spending departments about expenditure in 1988-89 is less than usual at this stage of the public expenditure cycle.

It may, nevertheless, be larger than it looks. Increased spending for 1988-89 already announced and approved, for instance for local authorities and nurses, already amounts to nearly £2bn. As the larger table shows, this takes up all the reduction in the contingency reserve which is normal as a new financial year approaches.

So, as in previous years, the whole mechanism of the Star Chamber under Lord Whitelaw will still be required. This includes his highly-sophisticated arbitration techniques, which are somewhere between splitting the difference and sniffing the political wind, a procedure which favours the spending departments.

But much more interesting than the size of the divergences, this time, are the plausible but bad arguments used by the spending ministers in explaining to political journalists the case for an increase in the previously agreed totals.

Their own arguments, put better than they put them themselves, run as follows. Previously agreed plans published last January provided for a public expenditure planning total of £154.2bn in 1988-89.

The path presented in the last Public Expenditure White Paper showed an increase of 2 per cent after allowing for inflation in the present financial year, 1987-88, which by coincidence happened to be an election year. But after that, public expenditure was expected to flatten out, rising in real terms by only 0.3 per cent in 1988-89.

Various items have to be added to the planning total. These include debt interest and some statistical adjustments. When this is done, the plans show a decline in "general government expenditure" as a proportion of GDP from 43 per cent in 1986-87 to 42½ per cent in 1987-88 and 41¼ per cent in 1988-89.

The effect of privatisation is to reduce these proportions artificially by about 1¼ percentage points. When privatisation is excluded, the trend is still downwards compared with the peak reached in the post-recession year 1982-83; but the public expenditure share, on this basis is now back only to where it was in the last year of the Labour Government.

Public spending plans in last budget

£bn	1985/86 Outturn	1986/87 Outturn	1987/88 Plans	1988/89 Plans
Public expenditure planning total	**133.6**	**140.0**	**148.6**	**154.2**
General government gross debt interest	17.6	17.4	17.9	18.0
Other adjustments	7.0	7.7	7.0	8.0
General government expenditure	**158.2**	**165.1**	**173.5**	**180**
Planning total in real terms (base year 1985-86)	133.6	135.8	137.9	137.6
General goverment expenditure as a percentage of GDP	**44**	**43**	**42¼**	**41¼**

Source: Financial Statement updated

UK fiscal policy
PSBR

Fiscal year	£bn	% of GDP
1974/79	8.2	6.8
1980/81	12.7	5.5
1981/82	8.6	3.3
1984/85	10.2	3.0
1985/86	5.8	1.6
1986/87	3.5	1.0
1987/88		
(a) Original est.	3.9	1.0
(b) Likely outcome	2	1/2
1988/89		
(a) Original est.	4	1
(b) Likely outcome	2	1/2

N.B. Allowing for tax cuts of £3bn

Source: Financial Statement and own estimates

The arguments of the spending ministers depend on these percentages. For the national income is growing faster than the Treasury foresaw last winter—and for once mostly because of real output growth rather than inflation.

If Nominal GDP is just over 1½ percentage points higher in 1988-89, then the original Treasury estimate — a conservative guess covering two years' growth — then almost the whole of the excess spending bids could be accommodated, while still achieving the planned reduction in the public expenditure proportion. A pessimistic Treasury forecast for debt interest could spoil this arithmetic, but not very much else could.

Indeed these arguments can be strengthened further by looking at the revenue side. Early Treasury estimates both of tax revenue and privatisation proceeds were deliberately cautious.

The Chancellor could well be able to cut taxes by the £3bn originally projected for 1988-89 and budget for a Public Sector Borrowing Requirement half the £4bn originally planned, even if the public expenditure limit is increased. Indeed he might be able to secure the hat-trick of giving some ground to the spending ministers, cutting taxes and achieving the headline of a near-balanced Budget.

In bookkeeping terms, it is difficult to fault these arguments I have constructed for the spending ministers. The snag about them is that they overlook the overwhelming economic case for a tight budget.

The reason why the spending ministers are wrong is that budgetary policy is more than just bookkeeping. If Government revenues are boosted by a boom or by any other kind of windfall it does not make sense to hand out the proceeds either to the spending departments or to the taxpayer.

The Chancellor argued at the IMF that any deficit in the current balance of payments could be explained by a spurt in the British growth rate at a time when world economic growth was unexpectedly slow. But the very same arguments which justify a temporary deterioration in the overseas accounts argue for less borrowing, or even a surplus in the domestic Budget.

Unfortunately, Treasury Ministers and officials have one hand tied behind their backs in making the case for budgetary restraint. For they have not only refused to publish any Budget estimates adjusted for the business cycle, oil or any other disturbances. They have not even outlined the case for cyclical variations from the planned PSBR path, except in type so small and so rarely printed as to be nearly invisible.

This Treasury reluctance just cannot be dismissed as fuddy-duddy. For instance, any attempt to adjust the PSBR figures over a long series of years requires an extremely controversial judgment about changes in the underlying rate of unemployment which can be achieved without accelerating inflation; and many of the adjusted figures suggested by outside economists would have had highly inflationary—and sometimes downright bizarre—implications for policy.

The absurdities of the economic establishment do not absolve the Treasury from articulating its own common-sense adjustments; or simply explaining the difference between budget-making and bookkeeping. Be that as it may, the expository shyness of the Chancellor and/or his advisers does not justify stoking up an already vigorous boom with spending increases or extra tax cuts.

If we look at economic policy and not just year-to-year budget bookkeeping, the following conclusions emerge.

There is a very vigorous domestic boom, which could easily become inflationary. In saying this, I quite agree with Professor Alan Budd who writes in the October issue of County Nat West's UK Forecasts about the increases in productivity which have passed the majority of Cassandra-like forecasters completely by. Budd's estimate of the potential non-inflationary growth rate of the UK is around 3¼ per cent. This is consistent with a growth rate for 1987 of 4 per cent and one of 3 per cent for 1988. The real worry is that demand is growing at an even faster rate and pressing on limits of productive capacity. The best evidence for this is probably the upward pressure on pay being reported by the CBI.

The Chancellor has a very limited number of weapons for restraining demand. The interest rate weapon is, for the time being, out of play. This is because the remarkable strength of sterling, especially against the D-Mark, would make a further rise in interest rates a crazy act of policy.

Thus the only way left of curbing the growth of demand is by tightening fiscal policy. Such a tightening is also justified on structural grounds because of the link between the Budget and the balance of payments. There is a risk of a persistent payments deficit in the medium term, unjustified by national balance sheet considerations. The best medicine is to reduce or, better, eliminate the Budget deficit, an argument made familiar from the US case.

The argument goes beyond balance of payments worries to the need for investment to support the boom. Any given path of demand, whether nominal or real, will contain more investment and less consumption if the Government's own accounts shift from deficit to surplus. This is only another way of saying that an increase in national savings of which a Budget surplus is an example releases resources for investment.

When demand is slack, there are always arguments that a tight fiscal policy will aggravate recession rather than promote investment. The events following the tight Budget of 1981-82 have not put all such worries to rest. It is however pretty clear that a budgetary brake can be beneficial only when demand is pressing against the limits of capacity.

The best time to undertake a structural tightening of the Budget is in a period of boom, when there is little risk that it will weaken activity or induce recession, and an excellent chance that it will release resources for exports or domestic investment.

The big question about the 1988 Budget will be to determine whether it is tight or not. Let us suppose that taxes are cut by £2bn to £3bn but that the revenue outlook is so good that the Chancellor is able to project a near-zero PSBR after collecting £5bn or £6bn from privatisation proceeds. Will the Budget be tight because borrowing has been nearly eliminated on current Treasury definitions or lax because taxes have been cut?

The attraction of tax cuts in the first year of a Parliament is that they make it much easier to introduce tax reforms. For something is then left over to soften the blow for relative losers, who always exist in any reform worth the name.

Should, then, Nigel Lawson give up the one chance he is likely to have of major tax reform for some worthy conjunctural objective like reducing "overheating"? No prizes for guessing what he will do. But the correct answer depends on what the tax reforms are and whether the long-term benefits really do outweigh the risks to economic management.

My own answer is "Yes" for radical reforms which really eliminate interest group privileges; but "No" for the kind of reforms likely to get past any British Prime Minister or Cabinet, let alone this one.

JOE ROGALY

Disciplining the poor

BRITAIN'S Conservatives were quite right to demand at their party conference on Tuesday that if the Government is to introduce a poll tax it had better get on with it. The proposed new tax is bad enough without spending four or five years trying to soften the blow by phasing it in. The Scots are to have it in one fell swoop, but the present plan is for England to carry on with domestic rates side by side with the new "community charge," so that some people would be paying a declining annual property tax at the same time as the poll tax. Two administrations and two sets of books would be required. This is clearly a nonsense.

The Government's underlying reason for persisting with the proposal is not a nonsense, but it is certainly malign—particularly as explained by Mr Nicholas Ridley, the Secretary of State for the Environment. Boiled down, it runs as follows: The poor and low earners must be forced to pay at least something towards local services. They will then see the sense of voting against high-spending (that is, Labour) councils. Another nail will have been knocked into the coffin of socialism. You could turn this reasoning on its head: local taxation of property, as currently organised, allows people to vote for Left-inclined councils without any concern for cost, since it is only householders (by definition the relatively well-off) who pay domestic rates.

Mr Ridley was especially eloquent about this line of reasoning when he addressed a gathering of Conservative councillors at Coventry the other day. He talked about "the increasingly political atmosphere" of local government. It was becoming difficult "to ensure that local government spending priorities fit in with the economic priorities of central government." Only central government or the local electors could do it. If it was to be the former, local government would be turned into "a sort of advisory service to administer money provided by central government." So it has to be the people.

But just 18m of them pay rates, and only 20m pay income tax. To bring all 35m adults to their senses a more broadly-based tax is necessary. And the best universal vote-influencing mechanism around, in Ridley-thought, is the poll tax, *precisely because it is regressive.* Why? Because a local income tax, even one paid by all 35m voters, could be used by high-spending Labour councils to drive the better-off away, "just as high rates have driven away businesses from some of our older industrial areas." The poll tax, on the other hand, would be a flat fee for local services. It would create a market pricing mechanism so that "people look to the costs as well as to the benefits" of local government.

There are sub-clauses to this apologia, of which two stand out. First, the poll tax will cover only a quarter of local spending, and the uniform business rate a further quarter. So half the spending will be financed out of central government taxation (the personal income tax portion of which is progressive). Second, the worst-off electors will receive rebates of up to 80 per cent of the poll tax and increased benefits to account for the fifth they must pay (although this will be calculated on national averages and might therefore be very rough indeed on some recipients).

What cannot be explained away is that a great many poor people—some of them old and perhaps disabled, some of them nearing retirement and permanently unemployed, some of them mentally handicapped, many on the dole because jobs are not available—will be asked to manage their higher benefits and new poll tax as part of the kind of home budget that we fondly suppose is balanced by middle class high wage-earners. That, it is assumed, will teach them not to vote Labour. And if they are so thick-headed as to miss the point, the Labour council they do vote for may be poll-tax capped so that whatever happens it does not spend more than the Treasury allows. The last remaining outpost of elected authority for the egalitarians who still make up a substantial minority of the electorate will have been demolished. Such a policy, history teaches us, is not only wrong. It is dangerous.

Letters to the Editor

Big Bang—one year on

From Mr H. Marsden

Sir,—You were good enough to publish several letters from myself and other members of the London Stock Exchange a year ago when the future of the exchange and Big Bang depended in large part on the acceptance by individual members of proposals, which in effect placed individual membership into second place behind corporate membership.

How have these proposals affected individual members and indeed users of the Stock Exchange one year on?

Earlier I had suggested that the onus was on the Council of the Stock Exchange to ensure that membership would still be meaningful. It does not seem to have been a priority although it has been admittedly an exceptionally busy period for us all. Few would, I think, disagree that individual membership is now no longer of such "importance." As corporate bodies grow larger is he taken into consideration in the same way.

This is a pity, not least to the users of the Stock Exchange. A great number of our settlement problems might have been solved sooner if it was individual members' money tied-up, and if investors had a more personal relationship with their broker.

I rather think that the decline in moral and financial standards is an exact correlation with the decline of the stockbroker by profession compared to, as now demanded by corporate strategy, the rise of the stockbroker by trade who is expected to earn as much as possible.

Until Big Bang membership of the London Stock Exchange was synonymous with the highest of standards, backed up by a very considerable organisation to ensure acceptance of such worthy objectives. We set a standard and an example well above our competitors in this country and around the world. There was rightly criticism, and change was required in many practices. Have we now, however, lost too much that was good in the old system?

I do think that the general private investor will continue to expect high standards from members of the London Stock Exchange — as represented by its professional members, who are still around. Is the Council getting this message across to the general investor?

Indeed investors should appreciate the advantages of dealing with members of the London Stock Exchange and its organisation. Is this Stock Exchange Council fostering the importance of its membership enough if we are to remain a pre-eminent and valued body, to be recognised for our advantages and those to our users?

Hugh Marsden,
28 Abbotsbury Road,
London W14.

Civil aircraft outlook

From Mr D. Lowe.

Sir,—A recent British Petroleum statistical review of world energy showed the UK as having a crude oil reserve to production ratio of only five and a half years. As we cease to be a quasi-oil state there will be growing demands placed upon the exportation of manufactured goods to offset a potentially disastrous balance of payments deficit.

British Aerospace is UK's largest exporter of manufactured goods. In reality 70 per cent of this is military equipment, potentially a less than lucrative business at a time when President Reagan is actively pursuing a Nobel Peace Prize. Peace will promote civil aviation, already a major growth industry for the past 40 years. Civil aircraft division still accounts for 24 per cent of British Aerospace's turnover and like aero engine manufacture is privileged to be one of the few manufacturing industries yet to experience the pressure of Far East competition.

Admiral Sir Raymon Lygo stated recently: "We haven't really been in the civil aviation market." The size of turnover and rapidly growing losses of civil aircraft division, however, seem to indicate both substantial long-term involment and significant errors. The latest in a line of non-aviation chairmen attributes the problem to a weakening US dollar, yet the best of British civil aircraft have sold well in the past when the pound bought far more dollars. The rapid downward share price performance of both Rolls-Royce and British Aerospace compared with the Financial Times indices shows there is clearly a problem and one of these must be the civil aviation conflict between these two major British manufacturing companies.

Sir Robert Hardingham an octogenarian and former chief executive of the Air Registration Board, has publicly exhorted closer co-operation between British Aerospace, Rolls-Royce, HMG, Airbus and British Airways. If management, Department of Trade and Industry and Government cannot or will not see the true reasons for the current problems they are unlikely to establish the correct long-term solutions in any sector of civil aviation manufacture.

McDonnell Douglas and Boeing's strength in the 110-150 seat sector has been achieved by careful evolution of jet airliner airframes over two decades, a process Britain has failed to exploit.

A recent forecast predicted crude oil at $60 a barrel by the year 2000. Perhaps this is the reason why 17 foreign companies, including four significant Japanese aircraft manufacturers, are involved in unducted fan and Propfan programes. These power units promise fuel savings of over 30 per cent compared with current turbofan engines together with major increases in aircraft range.

In the meanwhile Britain appears to have adopted the classical posture exhibited against Frank Whittle for over a decade in hoping that a major step forward in aviation engine technology will simply go away.

Derek Lowe,
Executive Jet Sales,
70 High Street,
Newport Pagnel, Bucks.

Independent capitalists

From Mr M. Brinkley.

Sir,—Samuel Brittan's article (October 1) "Capitalism and the under class" is an enlightened and coherent statement of the best available future direction of the welfare state. There are, however, several points arising from the implementation of a state income system which were not touched upon by the article and which might have profound effects on both sides of the political spectrum.

Given that there is now a near global sentiment that the state tends to be an inefficient supplier of sub-standard services, the logical reaction has been, up till now, to wind down the state welfare provisions and to encourage greater individual initiative by lowering taxes. Were a state income system adopted for every individual, the £60bn plus per annum spent by the state on the provision of social security, education and healthcare could be redirected to the population as a basic income for each to decide how they would see fit to spend it. At one stroke we would appear to be de-nannying society and making it fairer.

Furthermore the idea of a basic income is but the first step down this road. If we pursue the currently popular analogy of UK Ltd to its conclusion then why not pay out the £60bn as a dividend to the newborn of each year—it would amount to nearly £100,000 each! It could be held in trust for each child until they reached adulthood (which might be deemed to be an examination) and the income generated could pay for their education. Thereafter they would be free to do whatever they wished with the money on the understanding that the state would provide absolutely nothing.

To embark on such a route could be seen to be the logical extension of Thatcherism—creating a society of wealthy, independent capitalists where the state concerns itself merely with defence, policing and implementing social and environmental standards. Alternatively, by altering the levels of state income (and the taxes that support it), the left could use such a system to create a more equitable society while untying the Gordian knot of state control which has proven so unpopular for them.

Mark Brinkley.
10 Edward Street,
Cambridge.

Unit trust pricing

From Mr B. Taylor.

Sir,—I am very concerned at the proposed new legislation that unit trust managers will not have to honour published prices for transactions either sales or purchases.

The thing that concerns me most is the proposed intention that deals are to be transacted at a price ruling in the future and not the price ruling at the time of sales or purchase. This must be a charter for abuse by the unit trust managers and I know of no other transaction that can be entered into in a "blind situation." It surely cannot be correct, if markets have moved excessively against the published prices then unit trust managemers have the right to make a new price and I cannot see why anything should be changed from the present situation.

I think it would be much more relevant for guidelines to be laid down and strictly adhered to for the following: the time after a deal is transacted and contracts issued; the time for issuing of unit certificates; and the time for settling redemptions.

Brian M. Taylor,
The Old Vicarage,
Church End,
Potterspury, Northants.

FINANCIAL TIMES
Thursday October 8 1987

James Buchan in New York looks at Wall Street's insider trading inquiry

Prosecutors need to impress the judges

MR IVAN Boesky, the convicted Wall Street trader, is back at school. For a month, he has been going to classes at the Jewish Theological Seminary on Manhatten's Upper west Side.

The place used to be his favourite charity before he handed over $100m to the US Government to settle insider trading charges last November. Now he goes there to read the Talmud, rabbinics and Jewish philosophy and history

Mr Boesky may have rediscovered his ethical roots - then again, he may simply want to impress the judge who will sentence him on December 18 for a felony that can carry five years in jail.

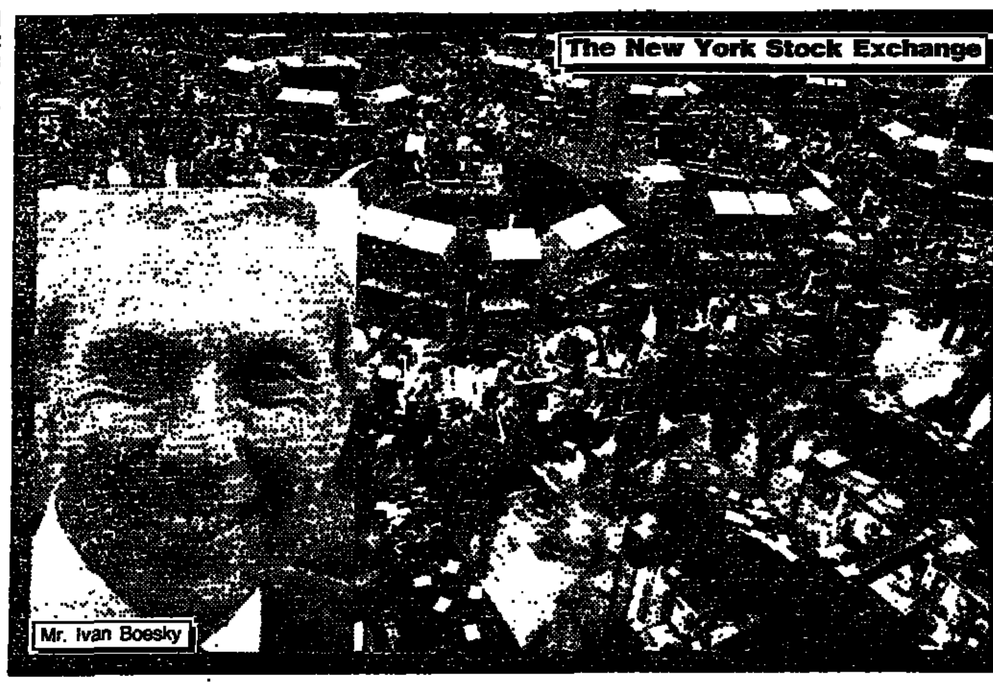
But his prosecutors need to impress some judges much more urgently.

Yesterday, the agencies which brought him to book, the Securities and Exchange Commission and the Justice Department, began a last-ditch defence before the US Supreme Court of the legal theory backing their campaign against insider trading on Wall Street.

Not many people think they will win. Defeat will probably not affect Mr Boesky's sentence, but it will be one more blow to the wide-ranging inquiry into Wall Street practice.

This investigation has become badly bogged down in both its main cases: an alleged insider trading ring at the firm's Kidder Peabody and Goldman Sachs and an attempt to prove a vast conspiracy to destabalise companies at Drexel Burnham Lambert.

"I see defeat as complicating existing cases," said Prof Alan Bromberg, an authority on securities law at Southern Methodist University in Dallas. "It takes away the chief weapon for the SEC and the US Attorney in insider trading cases."



Mr. Ivan Boesky

Eight justices of the Supreme Court yesterday began hearing the appeal of Mr Foster Winans, a reporter convincted in 1985 of insider trading on the grounds that he passed on market sensitive information about the stock market column he wrote for the Wall Street Journal.

The lower court based its conviction of Mr Winans on the so-called "misappropriation" theory which holds that it is not just a company official who can be guilty of insider trading in his company's stocks. An investment banker or lawyer or other advisor is stealing or "misappropriating" confidential information entrusted him by the company if he trades on the information, or leaks it for trading purposes. In order to spread its net as wide as possible the SEC has been content to keep the theory vague.

And it has worked. Misappropriation was the basis for insider trading brought against Mr Boesky even though he was a lone wolf arbitrageur with no obvious responsibilities as an insider.

The theory was convincing enough to scare two star investment bankers - Mr Dennis Levine of Drexel Burnham and Mr Martin Sigel late of Kidder Peabody - to plead guilty to insider trading and inform on their colleagues. Finally, the theory underlays the dramatic arrest last February to the three arbitrageurs or professional takeover speculators, who allegedly operated the Kidder-Golman ring.

But with Mr Winan the SEC's enforcement division may have gone too far. Lawyers say that the Supreme Court would not have accepted the case for review if it had simply wanted to confirm the lower court's ruling. In leaking the contents of his columns Mr Winans may well have misappropriated information belonging to the Journal but he had no duty to the companies whose stocks were involved, they say.

"It is wholly arbitary to make the judgment depend on employer-employee relations," Prof Bromberg said. "The Supreme Court will reverse the conviction and rule that the misappropriation theory is insufficient for a criminal conviction," says Mr John Stoppelman a leading securities lawyer in Washington.

Even without Mr Robert Bork, President Reagan's controversal nominee to the court, "it is a conservative Supreme Court that does not want to see an extention of securities law."

The Court's decision, which will probably be handed down next month, is expected quickly to trigger a new insider trading law. Congress is already working on a bevy of new definitions. After much hesitiation the SEC has agreed to seek greater precision.

But a new definition may not rescue the case against the three arbitrageurs at Kidder and Goldman who are staunchly defending themselves. Eight months after their arrest they have still to be indicted.

Prof Bromberg and others say that the prosecution may have other legal weapons against them, so long as it can be proved that their information definitely came from clients rather than the market. But the case is regarded on Wall Street as a key test of the quality of the prosecution's evidence. Failure here will make it even harder for the SEC and the criminal prosecutors to gain co-operation in its much more ambitious investigation of Drexel Burnham.

Ironically, the row over the Bork nomination could still save the case in the Supreme Court, and doom the unfortunate Mr Winans. If the court splits 4-4, the conviction will be upheld.

THE LEX COLUMN

Prime time rate rise

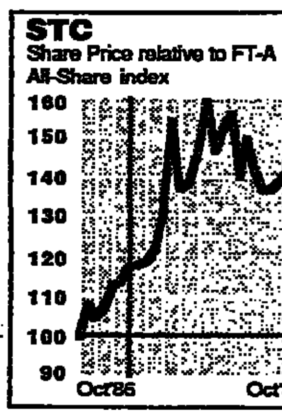
The half point rise in US prime rates is the sort of move which might have been expected to strike terror in the financial markets, coming a day after West Germany had nudged its own interest rates higher and amid speculation that Japan might raise its official discount rate. But in the event the immediate response to the general rise in worldwide interest rates has been muted, with bond prices firming and equity prices, in London at least, quickly recovering from the initial shock.

Given that three-month eurodollar rates have risen by over 100 basis points since the US raised its discount rate a month ago, the half point rise in US lending rates is long overdue. After all, short-term rates in Japan and West Germany have risen equally sharply over the same period and the US can be said to be merely following the market. However, the fact that US prime rates are a lagging indicator should not disguise the delicate task facing the world's various monetary authorities as they try to react to the perceived worries of the world's financial markets while not choking the world's modest economic growth.

Concerns about inflation and above-average monetary growth have taken a heavy toll on most major bond markets recently, and however misguided these fears may be, the markets want to see signs that the authorities are willing to take decisive action sooner rather than later. The UK, to its credit moved more quickly than its partners by raising its interest rates two months ago, and the latest moves fit into the same pattern. Provided the current round of tightening is sufficient to allay the bond markets' very real fears, the equity markets should not be overly concerned by the latest moves.

Dixons

There is no disgrace in Dixons' decision to pull its new issue in the US, given the poor state of the retailing sector on Wall Street. Had the issue gone ahead, the obvious risk was that all 8.5m shares placed would have winged their way back to the UK, depressing a share price which has been reasonably firm since the ADR was announced. Once the market had grasped that yesterday, it reversed the early fall in Dixons' shares to close them up 3p at 385p.



One concern is that the grim trading news from the likes of The Gap, which triggered the slump in speciality retailing shares in the US in August, might also signal a poor showing by Dixons' Silo electrical stores. Dixons maintains that Silo sales are 10 per cent up at present, which is rather better than the competition has managed. Given the fragmented state of the market, Dixons can hope to repeat its UK success there even if consumer spending has to slow as part of the effort to reduce the trade deficit. Indeed, when current year multiples on Dixons' US rivals are around 10 or 12, compared with its own 16.5, there is every chance that Dixons will be wanting to use its shares as currency in the US soon. It did not, after all, postpone the listing.

STC

In spite of a 10 per cent rise in STC's share price over the past two days, the market is still in two minds over the link-up with Northern Telecom. Supporters point to the scope for putting STC's transmission equipment into North America, and Northern Telecom's switching equipment into the UK. But it is unclear how much difference STC can make to Northern's European selling effort. Whereas Northern can doubtless help STC sell in the US, this is a crowded market in which to translate sales to profits.

Again, given that telecoms make up only around 30 per cent of STC's profits at present, the strategy looks a little like the telecoms tail wagging the ICL dog. The degree of convergence between telecoms and computing within STC is still open to question, and there seems no special reason why Northern should be able to derive more benefit from STC's computer side than can STC itself.

Nevertheless, the rise in the share price is readily understandable. ITT's 24 per cent stake had for a long while hung over the market, particularly since it looked for a time as if it might be disposed of piecemeal. The new shareholder has gone to some lengths to display its commitment, to the extent that a full bid looks not impossible on a longer view. The market has meanwhile shaken off its worries that STC was about to do something silly, such as bid for Ferranti. At 316½p, the shares are rated in line with GEC and well below higher fliers in the sector. Whatever benefits STC may get from its Northern Telecom link-up are thrown in pretty cheap.

Bell Resources

How galling it must be for the solid corporate toilers. First they have to put up with their stakeholders stealing the business limelight, then they must watch them filling up with cheap capital courtesy of low-coupon bonds convertible into those stakes. In the case of Mr Robert Holmes a Court's A$1bn issue, convertible into part of his BHP stake, it is, however, fair to add that its evident popularity stems in part from the management skills he can provide BHP.

There is some talk of Bell Resources knocking the BHP price by providing yet another way into the company and indicating, at least to the uninitiated, that Bell Resources may be ready to reduce its holding. Depressing the price in this way would have the benefit of making a full bid for BHP a little cheaper; but it would probably be a by-product of an exercise which is designed primarily to cover the holding cost of some large equity investments in Australia.

Nonetheless, as we expect from Mr Holmes a Court, the issue throws up several attractive alternatives. As Bell Resources is the vehicle, the new cash might be used to increase penetration of the oil business through raising stakes in Pioneer Concrete or even Texaco. If the issue contributes towards acquiring the Elders' stake in BHP, and thus the long-sought management control, there is the advantage that Bell now gains from both under and over performance by BHP. Buyers of the bonds clearly expect strong performance in the medium term, however the management question is resolved, although they may find conversion more difficult than they expect.

Indian troops alert after Tamil violence

BY OUR FOREIGN STAFF

INDIA yesterday ordered its peace-keeping troops in Sri Lanka to use force in a desperate attempt to restore peace and order in the north and east of the island where Tamil separatist guerrillas murdered nearly 160 people in 24 hours.

It was the worst violence to strike Sri Lanka since it concluded a peace pact with India on July 29 to try to end the four-year-old Tamil separatist revolt. Sri Lankan officials said last night that at least 10,000 Sinhalese had fled from the eastern province.

The Indian Government expressed "deep shock and revulsion at the wanton and brutal killings of innocent men, women and children." It blamed the Tamil Tigers, the largest of the guerrilla groups, although several rival Tamil groups are involved in the violence.

A landmine under a military truck yesterday killed six soldiers and injured 10 others in the northern Polonnaruwa district. Tamils also attacked a train from Batticaloa to Colombo on Tuesday night, forcing the passengers out of the train at Valachenai and setting the carriages ablaze. They then separated the Sinhalese from the rest and shot dead 40 of them. Some of the bodies were thrown into the burning carriages.

At Lahugala in eastern Ampara, Tiger gunmen ambushed a bus yesterday, killing 20 passengers. Tamils also stormed a farming village in Batticaloa district, killing 38 people, while another rebel group attacked several Sinhalese homes in Batticaloa city, killing 17 men, women and children.

In the Trincomalee district, two fishing villages were raided by Tamils who shot and hacked to death 27 men, women and children. Four people were killed in an attack on a Sinhalese village near the northern city of Vavuniya.

The level of violence is now reaching the proportions prevailing before the peace accord was signed between President Junius Jayawardene and Mr Rajiv Gandhi, the Indian Prime Minister.

"The Government of India will not hesitate to use the strongest of measures to deal with all those who seek to undermine the implementation of the Indo-Sri Lankan agreement. India will use all the force at our command to preserve peace and communal harmony," said a spokesman in New Delhi.

Sri Lanka's blood bath, Page 3

UK inquiry into Chappell takeover

BY DAVID WALLER IN LONDON

WARNER COMMUNICATION'S $200m agreed acquisition of Chappell & Co, the world's largest and longest established musical publishing company, has been referred to the British Monopolies and Mergers Commission.

The inquiry will concentrate on the effects of the takeover within the UK markets for publishing and recording music. International issues are not likely to be considered, and Warner confirmed yesterday after the announcement that the acquisition had been formalised.

Mr Geoff Holmes, a senior vice-president of Warner, speaking from New York, said that its existing UK subsidiary and Chappell's London operations would be run separately until the commission had concluded its investigations, which will be within four months.

The referral follows an intensive lobbying campaign from IMPACT - the Independence for Music Publishing Action Group - which has argued that the acquisition by the US entertainments group would signal the death-knell to the livelihoods of the musicians in the UK by putting a squeeze on their income from royalties.

Ms Birgitta Lembke said that Warners, with wide interests in film, television and the music would have a vested interest in reducing royalties because it would be both consumer and supplier of music.

IMPACT also argues that the remaining independent houses would suffer under such conditions.

The position for musicians was worsened by the likelihood that their fixed royalties would be abolished under the present Copyright Bill, to be enacted in the next session of the Britsh Parliament.

This is difficult to measure and IMPACT and Warner are at wide variance.

IMPACT argues that the new group - with rights to a total of some 650,000 songs - including those of Irving Berlin and Cole Porter as well as Madonna and U2 - would have some 80 per cent of the UK market. Warner disagrees, putting the figure in thre low-teens.

Founded in London in 1811, Chappell's was admired by Beethoven and Dickens. It has since expanded into 22 countries and was sold by Polygram to a group of investors - the current vendors - in 1984.

W German coal jobs threatened as sales fall

By David Marsh in Bonn

AS MANY as 30,000 West German coal miners may lose their jobs over the next few years as a result of sharply falling hard coal sales and a government plan to cut subsidies.

Mr Martin Bangemann, the Economics Minister, said yesterday the Government would be unable next year to maintain production subsidies for coal-mining at this year's level of about DM10bn ($5.46bn).

Speaking after two days of talks in Bonn with coal-mining unions and employers as well as representatives of the electricity utilities, Mr Bangemann said over-capacity in the coal mines was between 12m tonnes and 15m tonnes, or about one sixth of present production.

"We cannot possibly go on financing this over-capacity," he said.

The Government's firmness on subsidies, combined with the efforts of electricity utilities to try to cut the amount of coal they have promised to burn in power stations in coming years, is likely to herald considerable public wrangling over job cuts.

Last week's agreement on job reductions in the steel industry, in which 34,900 jobs are to go by 1989 at a cost of more than DM2.5bn in redundancy payments, is likely to set an example for the prospective coal redundancies.

This could also make any prospective package expensive for taxpayers.

The coal industry's annual production, although down to less than 80m tonnes from 111m tonnes in 1970, is still surplus to demand, above all because of a large cut in sales to steel companies.

As a result of the D-Mark appreciation, as well as the opening of cheap mines in countries such as South Africa, the list price of Ruhrkohle, the largest West German coal company, at DM260 per tonne, is almost three times the free market international level of DM90.

Electricity utilities, under a long-term programme established in 1980, have agreed to buy about 46m tonnes of hard coal a year until 1995 to burn in power stations.

However, Mr Bangemann's declaration of a prospective cut in subsidies may put this accord in danger.

The utilities receive a subsidy, raised as an extra levy on electricity bills, to compensate them for burning expensive German coal rather than imported oil.

This so-called "coal penny," currently 7.5 per cent of electricity bills, makes up a large slice of total coal production subsidies.

It is to be reined back gradually to 4 per cent by 1995 under the plan outlined by Mr Bangemann.

The Economics Minister seems prepared to face protests from the utilities over the prospective fall in their compensation.

He said yesterday that some of them had been making "windfall profits" from the scheme.

Reagan aid offer

Continued from Page 1

party such as the Roman Catholic Church.

Mr Reagan repeated his call for the withdrawal of Soviet bloc and Cuban advisers in Nicaragua. But his generally conciliatory tone showed he is aware that he must take a more diplomatic approach if he is to have any chance of securing renewed funds for the Contras from Congress.

He left open the timing of his $270m aid request. Congressional opponents have warned that a request for aid before November 7 - the peace plan's deadline for a ceasefire - could sink the agreement. But they have also warned that Mr Reagan does not have enough votes in the House and Senate to secure military aid.

M'Bow leads in Unesco vote

BY IAN DAVIDSON IN PARIS

MR AMADOU MAHTAR M'BOW of Senegal last night emerged as the front-runner in his bid to win a third term as Director General of the United Nations Educational, Scientific and Cultural Organisation (Unesco).

But the 18 votes he secured in this first round of voting by the Organisation's 50-member executive board was well short of the absolute majority required, and he was more closely challenged by the 16 votes of Mr Yaqub Khan, Foreign Minister of Pakistan, than many observers had predicted.

The remaining 16 votes were split among six other candidates. A second round of voting takes place today.

Last night's vote followed two days of bitter procedural wrangles in which Mr M'Bow and his supporters in Africa are pitted against his opponents in the developed world.

The atmosphere was further soured yesterday by the resignation of Mrs Gisele Halimi, French representative on the executive board, in protest against her Government's support for Mr Sahabzada Yaqub Khan, the Pakistani Foreign Minister.

Mrs Halimi said that Mr Yaqub Khan, who served in a government which came to power as a result of a military coup, would be an inappropriate choice.

However, the French Government insisted that Mr Yaqub Khan's "personal qualities cannot be questioned."

The battle for the post of director-general is certain to leave Unesco more deeply divided between North and South. If Mr M'Bow is victorious, the organisation will decline further in its international reputation and importance as a result of the increasing disaffection of the Western member states.

The objective of the M'Bow lobby therefore has been to prevent last-minute compromise candidates who could muster a winning coalition against him.

On the first count, the West secured a minor procedural victory on Tuesday with a decision that there would be a break (presumably of at least a day) between the rounds of voting, of which there can be five.

Even without Mrs Halimi's denunciation, it is unlikely that Mr Yaqub Khan could muster an outright majority. Western countries have been counting on a last-minute outside candidate. M'Bow supporters have tried to block this by arguing that no new candidate can be put forward once the first round of voting has started.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	23	73	Dubrovnik	F	22	72	Malta	C	25	77	Rhodes	S	24	75
Algiers	F	27	81	Edinburgh	C	11	52	Manchester	C	12	54	Rio de J'o	C	29	84
Amsterdam	F	13	55	Faro	F	22	72	Manila	S	34	93	Rome	F	24	75
Athens	S	23	73	Florence	F	22	72	Melbourne	C	13	55	Salzburg	F	14	57
Bahrain	S	37	99	Frankfurt	F	13	55	Mexico City	C	23	73	San Francisco	C	32	90
Bangkok	S	34	93	Funchal	S	24	75	Miami	S	28	83	Seoul	S	24	75
Barcelona	F	21	70	Geneva	F	18	64	Milan	F	17	63	Singapore	S	33	91
Beirut	C	26	79	Gibraltar	S	23	73	Montreal	C	18	64	Stockholm	R	12	54
Belfast	R	13	55	Glasgow	R	11	52	Moscow	C	12	54	Strasbourg	F	17	63
Belgrade	S	25	77	Guernsey	R	15	59	Munich	S	15	59	Sydney	S	29	84
Berlin	S	15	59	Helsinki	C	12	54	Nairobi	C	24	75	Taipei	S	29	84
Biarritz	F	23	73	H. Kong	F	29	84	Naples	F	25	77	Tangier	F	22	72
Bombay	S	31	88	Innsbruck	F	16	61	Nassau	C	30	86	Tel Aviv	F	25	77
Bordeaux	C	18	64	Inverness	R	7	45	New Delhi	S	35	95	Tenerife	F	26	79
Brussels	F	13	55	Islamabad	S	35	95	New York	C	21	70	Tokyo	F	23	73
Budapest	F	23	73	Istanbul	S	20	68	Nice	F	21	70	Toronto	C	18	64
B. Aires	C	23	73	Jakarta	C	34	93	Nicosia	S	25	77	Tunis	C	22	72
Cairo	S	28	82	Jersey	R	15	59	Oporto	F	19	66	Valencia	F	23	73
Cape Town	S	22	72	Jo'burg	F	22	72	Oslo	S	13	55	Venice	F	29	88
Caracas	S	28	82	Lima	C	21	71	Paris	R	13	55	Vienna	C	18	64
Casablanca	S	24	75	Lisbon	R	20	68	Peking	S	22	72	Warsaw	F	17	63
Chicago	S	27	81	London	C	14	57	Prague	F	18	64	Washington	-	-	-
Cologne	F	13	55	Los Angeles	C	23	74	Reykjavik	F	-2	28	Zurich	F	16	61
Copenhagen	S	13	55	Luxembourg	C	11	52								
Corfu	C	20	68	Madrid	F	19	66								
Dallas	-	-	-	Majorca	F	24	75								
Dublin	C	13	55	Malaga	S	25	77								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain
S-Sun Sl-Sleet Sn-Snow T-Thunder

US banks lift prime rate

Continued from Page 1

rates were inevitable. The crucial six-month Eurodollar rate yesterday morning was at around 8¾ per cent.

Meanwhile, yesterday's upward shift in West German rates confirms the important role of repurchase agreements in the Bundesbank's management of its monetary policy.

However, the Bundesbank faces a delicate balance in countering what it sees as inflationary expectations and maintaining Germany's already lacklustre economic growth this year.

Mr Poehl has maintained that German interest rates are not set to go up in the longer term - partly to prevent the D-Mark from rising further against the dollar.

German financial markets reacted predictably to yesterday's news, with the Commerzbank equity index falling 25.8 to 1972.6 after a 20.4 drop on Tuesday. Leading shares were down almost across the board, while the bond market also turned easier.

INTERNATIONAL APPOINTMENTS

Chairman quits job at Silicon Valley founder

By LOUISE KEHOE IN SAN FRANCISCO

MR DONALD W. BROOKS, president and chief executive of Fairchild Semiconductor cleaned out his office and quit his job last Friday following the announcement that the US Justice Department had cleared the acquisition of Fairchild by its rival, National Semiconductor.

Mr Brooks' departure came as no surprise. He was bitterly disappointed last month when Fairchild's parent company, Schlumberger, the oil services based concern, approved National's bid of $122m to acquire Fairchild over a competing bid by a Brooks led management team.

Mr Brooks, who issued no announcement of his resignation and could not be reached for comment, was said by colleagues to bb concerned that the National takeover might lead to heavy layoffs and "kill the company that was really the beginning of Silicon Valley." Fairchild was Silicon Valley's first commercial chip maker and the progenerator of several of today's leading US semiconductor firms.

Although National has still to complete the formalities of the acquisition, Mr Brooks apparently felt that it was a "done deal" and left to take a long vacation before considering his future career path.

The sale of Fairchild brings to an end a bitter dispute over the future of the company. When it became clear, last year, that Schlumberger wanted to unload the loss-making semiconductor operation, Mr Brooks orchestrated the sale of a controlling interest in the company to Fujitsu of Japan. Fujitsu, which had agreed to pay $200m for an 80 per cent stake in Fairchild, eventually withdrew its bid in the face of mounting political opposition from Washington. At the time, Mr Brooks blamed executives of competing Silicon Valley chipmakers for kindling the Washington protest.

Mr Brooks second attempt to "save" Fairchild was a proposed management buyout that Schlumberger rejected.

Mr Brooks joined Fairchild in 1983 and became chief executive in 1985. He made considerable progress towards turning the company into profitability after several years of losses, but the worldwide semiconductor slump of 1984-5 hit Fairchild just as it was about to turn the corner.

Switch at Rockwell International

ROCKWELL INTERNATIONAL Corporation, the Pittsburgh-based concern involved in military aircraft, electronics and other areas, plans to appoint Mr Donald R. Beall to the post of chairman and chief executive in succession to Mr Robert Anderson, whi is to retire in February.

Mr Beall, who is currently president and chief operating officer, will retain the title of president.

No appointee has yet been named to succeed Mr Beall as chief operating officer.

* * *

MR ALEXANDER F. GIACCO, the former chairman of Hercules, the US industrial concern, has resigned from the company's board.

Mr Giacco has been chairman of Himont since he retired as Hercules' chairman in March.

Hercules last month sold its 38.5 per cent stake in Himont to Montedison, the Italian-based chemical concern. The sale surprised Mr Giacco.

* * *

BANKVERMONT Corporation has announced that Mr Kendrick F. Bellows has resigned from the position of president and chief executive officer of BankVermont and its subsidiary Bank of Vermont, to pursue other business interests.

AirPlus makes changes

By Our Foreign Staff

THE AIRPLUS COMPANY has announced the appointment of Mr Cathal Mullan, assistant chief executive, commercial, Aer Lingus, as the company's chairman. Mr Mullan succeeds the late Mr Claude Christe who was vice-president product development and sales policy, Swissair.

Mr Cathal Mullan, the new chairman of AirPlus

Mr Armin Daume joins the AirPlus board as representative for Swissair where he is general manager and chief accountant.

Mr Cathal Mullan joined Aer Lingus in 1957 having trained in commerce and public administration. He was in addition to senior personnel appointments in Aer Lingus,

Seagram promotion moves in Europe

SEAGRAM EUROPE, the offshoot of the Canadian concern that is the world's biggest distiller, has announced a number of promotions to its executive committee, which oversees Seagram's operations through 14 companies in 10 European countries.

Mr Alain Trocqueme, general manager of Barton & Guestier in France, has been appointed area vice president for Spain and Portugal, while retaining overall responsibility for Barton & Guestier. Mr Trocqueme has been with Seagram for 12 years. Barton & Guestier claims to be the leading exporter of French still wines and a major distributor of Scotch whiskies, such as Glenlivet and Ballantine's, in France.

Mr Giovanni Marotti, general manager of Seagram Italia, becomes a vice president. Seagram Italia counts itself as the largest importer of spirits in Italy.

Mr Paul Breach, area vice president for the UK takes on the extra responsibility of Belgium and Holland.

Mr Ron Tregoning, senior vice president finance and administration adds business development to his responsibilities. Mr Tregoning who joined Seagram in 1975 has been particularly responsible for Pan-European project development

* * *

WESTINGHOUSE ELECTRIC Corporation, the diversified electronics company, based in Pittsburgh, has appointed Mr Harry F. Murray, currently controller for Westinghouse Energy and Advanced Technology Group, a subsidiary within the group, executive vice president and chief financial officer, with effect from January 1, reports Reuter.

Mr Murray is to succeed Mr Leo W. Yochum, who is retiring.

Mr Robert F. Pugliese, currently senior vice president for legal and environmental affairs, is to becme executive president for legal and corporate affairs, a position newly created.

In addition, Mr John R. McClester, president of Westinghouse Financial Services is to become chairman of that subsidiary on January 1.

Mr William A. Powe, senior vice president for capital financing at Westinghouse Financial, is to replace Mr McClester as president and will also replace him as chief executive officer of the subsidiary when he retires on April 1.

The changes are being made, the company says, to help assure a smooth transition when Mr John C. Marous suceeds Mr Douglas D. Danforth, the retiring chairman, as chief executive on January 1.

* * *

CULLINET SOFTWARE president, Mr George W. Tamke, has announced the election of John M.D. McIntyre as vice-president—European Operations and Jeffrey P. Papows, vice-president—marketing, as officers of the corporation.

Accountancy Appointments

Outstanding Chartered Accountants

You will be looking for an opportunity to work closely with the top management of leading industrial and financial organizations on their most important strategic problems.

You will be aged between 27 and 30 and have had a demonstrably outstanding career with a top international accounting firm. Your professional experience must include proven success in managing audit, tax, consulting or investigation work for major companies or financial institutions. In addition to your ACA you must also have exceptional academic qualifications and a record of achievement and distinction in other activities.

The prospects of advancement and the intellectual and financial rewards for successful consultants are excellent.

If you are interested in becoming a consultant with McKinsey, and consider that you have the necessary qualifications, please send a complete CV to our recruitment consultant, Nick Baker FCA at Cardinal House, 39-40 Albermarle St, London W1X 3FD.

McKinsey & Company

ASSISTANT TO FINANCIAL CONTROLLER

Financial Services c. £25,000 plus car

Our client is a substantial well established City based insurance company specialising in worldwide reinsurance and investment. They wish to recruit an assistant to the Financial Controller who will be responsible for the forecasting and statistical functions, taxation, and the further development of computer based systems.

Candidates, young qualified ACA/ACCAs, should preferably have a background in insurance, be familiar with statistics and tax, and have a good practical knowledge of the use of computers. Personal qualities and the ability to supervise staff and liaise effectively with senior managers are vital ingredients for this position which, in addition to basic salary, will be rewarded with a car and first class medical, pension and life assurance schemes.

Please write with full career details, quoting reference T3999, to John W Hills, noting any companies to which your c.v. should not be forwarded.

KPMG Peat Marwick McLintock

Executive Selection and Search
9 Creed Lane, London EC4V 5BR

GROUP FINANCE DIRECTOR

- Service Industry PLC -

BASED WEST OF LONDON

£35,000, BONUS, CAR, BENEFITS, SHARE OPTIONS

With a current turnover of £25m pa, my client is a UK market leader in a sector worth over £5bn pa and for which even further growth is forecasted.

The Group's outstanding success in achieving a national presence in a fast-moving, highly competitive business has been earned by aggressive marketing and pricing, supported by rapid availability and stringent stock control of 25,000 products. Turnover is planned to grow by 400%, both organically and by acquisitions, creating the opportunity to share substantially in the results.

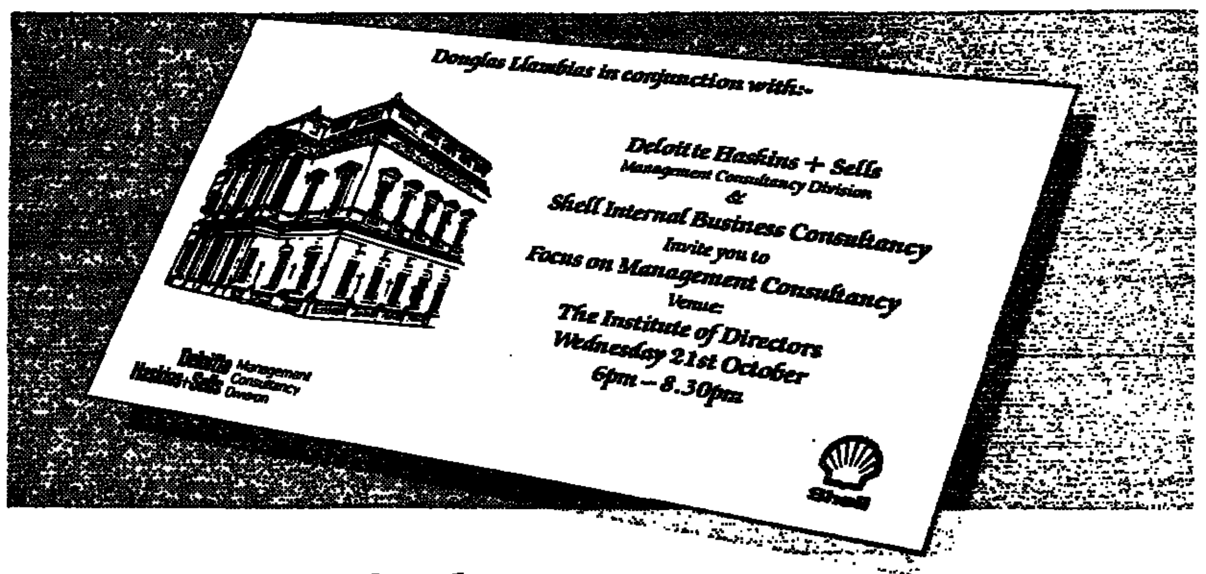
Working closely with the M.D., the priorities will be to develop systems, provide strong functional management to the trading divisions and plan for future growth, using a " hands-on " management approach.

Candidates, graduate FCA's, will be aged 35-42, with senior line management experience, gained ideally in a multi-site retail/distribution environment. Computer literacy, drive and the assertive personal skills to relate to a dynamic management team are essential.

Please write enclosing a detiled CV, including salary, quoting REF: FT 108 to:—

Monty Grigg BSc, MIPM
Haines Watts
Recruitment Services
Palladium House
1-4 Argyll Street
London W1V 1AD

ACAs • ACMAs • CIPFAs • ACCAs • MBAs



Your ticket to a start in Management Consultancy

Venue:
THE INSTITUTE OF DIRECTORS

Wednesday 21st October 6pm – 8.30pm

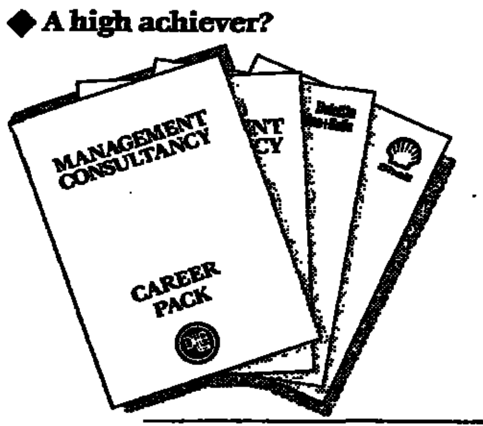
Are you:

- **A graduate qualified accountant?**
- **Or an MBA with good accountancy or financial experience?**
- **Aged 26-30?**
- **Able to demonstrate a first class academic record?**
- **A high achiever?**

If you have all the technical and personal skills to become a management consultant, you will undoubtedly have a lot of questions of your own. To find out the facts about a move into management consultancy, come along to the **Institute of Directors on 21st October.**

We have invited representatives from **Deloitte Haskins + Sells** and the **Internal Business Consultancy of Shell** to give you an informal presentation about the practical aspects of life as a consultant.

Places are strictly limited, so early application is essential. Entrance by ticket only.



- ☐ I would like to attend the Seminar on 21st October
- ☐ I cannot attend but would like to meet a consultant to discuss career opportunities
- ☐ I cannot attend but would like a copy of the Management Consultancy Career Pack

Name ______ Age ______
Address ______
Phone: Home ______ Office ______
Date of qualification ______ (Discretion assured)
20/FT07

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DOUGLAS LLAMBIAS ASSOCIATES LIMITED, 410 STRAND, LONDON WC2R 0NS
TELEPHONE: 01-836 9501

Corporate Finance

London To £35,000 + Car

Our client, a major PLC, needs to expand its prestigious Corporate Finance team to match expanding business requirements.

Working closely with City institutions – you will be involved in a wide range of U.K. and international projects, including acquisitions, major capital expenditure proposals and business plans.

The successful candidate must be a graduate Chartered Accountant – with a good academic record, trained with a major international practice, aged 27-35, have experience of corporate advisory and funding matters, and be able to demonstrate a high level of commercial awareness.

The remuneration package is highly negotiable.

Interested candidates should write, enclosing a comprehensive curriculum vitae and daytime telephone number, quoting ref. 455 to

Jon Anderson ACMA, Executive Division
at 39-41 Parker Street,
London WC2B 5LH.

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

GLOBAL CAPITAL MARKETS

Our client, a subsidiary of a leading Top 50 International bank has recently formed a London based securities operation and now seeks to recruit two key individuals:

Age 25-35 £negotiable
CHIEF ACCOUNTANT

The position will carry the responsibility for the design compilation and reporting of all financial information.

The successful candidate will be a qualified accountant preferably with financial services experience.

The personal qualities sought are a high degree of enthusiasm and commitment and a willingness to be extensively involved in a rapidly expanding operation.

Efforts will be recognised by a substantial earnings package.

Age 20-mid 30s £negotiable
HEAD OF SETTLEMENTS

The experience sought is likely to have been gained over a three to five year period within an International trading organisation.

The character profile required is one of enterprise and assertiveness as there is a fundamental need to ensure acceptable procedures and effective controls.

Some previous supervisory experience would also be preferable since the supervision of a number of junior staff is envisaged for the near future.

For further details please telephone Richard Parnell (Chief Accountant) or Anna Marshi (Head of Settlements) on 01-930 7850, or write giving brief details to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

"... a track record of outstanding contribution..."

Finance Manager International Business Services

South London *£30-35,000 + car & benefits*

This appointment is with the London headquarters of a prestigious business services organisation which has 4,000 staff and a turnover approaching £150m in the U.K. Planning for the future in a high growth competitive environment has led to the creation of this new position, reporting to the Group Finance Director.

Your job will be to act as an agent of change within the finance function. You will be responsible for the process of systems enhancement from design to implementation, with the support of a professional team. You will need to take account of the impact on management reporting, internal controls and computer systems.

Aged late 20s to early 30s, with a recognised accounting qualification, you will have at least 3 years commercial experience in a substantial services organisation noted for its progressive management style. You are comfortable operating in a fast changing environment and have considerable communications and managerial skills.

Your remuneration and prospects are excellent.

Please reply to Barbara Robertson in strict confidence with details of age, career and salary progression, education and qualifications, quoting reference 5024/FT on both envelope and letter.

Deloitte Haskins+Sells
Management Consultancy Division
P.O. Box 198, Hillgate House, 26 Old Bailey, London EC4M 7PL

FINANCIAL MANAGERS

LEADING U.S. INVESTMENT BANK

c.£60,000 **Aged 29-34**

THE COMPANY:-
The London affiliate of this prestigious U.S. Investment Bank, primarily active in international securities trading and the capital markets.

THE CANDIDATES:-
Professionally qualified accountants, aged 29-34, possessing strong inter-personal communication and management skills, currently exposed to debt and money markets.

THE VACANCIES:-
Managing departments of approximately fifteen staff, responsible for management reporting and analysis of trading activities for both senior management and traders. These openings relate specifically to the departments supporting debt securities trading and money market trading.

THE COMPENSATION:-
Substantial base salary, bonus, company car, subsidised mortgage and non-contributory health and pension schemes.

Please write in strict confidence enclosing full c.v. and quoting Ref. FM9/10. Please list in a covering letter any companies to which your application should not be forwarded, as all replies will be forwarded direct to our client.

Smedley McAlpine Recruitment
67 Long Acre, Covent Garden, London WC2E 9JG

NEWLY QUALIFIED ACA'S

West London **£ Negotiable**

Due to sustained growth from both a successful programme of acquisitions and continued growth within the construction and property development market, our client has identified a need for commercially aware ACA's to contribute to the company's future business development.

Responsibilities will involve preparation of corporate plans, budgets, forecasts and ad hoc exercises assisting the Finance Director. In addition there is also the opportunity to participate in the Group Treasury function.

Candidates should be young, highly motivated Accountants with the ability to work without supervision. As the positions will involve extensive exposure to senior management, confidence and excellent interpersonal skills are essential pre-requisites.

In return for your commitment and performance the rewards in terms of both remuneration and career development are excellent. The package will include contributory pension and a company car within a qualifying period.

Interested applicants should telephone Mark Gilbert on 01 930 7850 or write giving brief details to the address below.

ROBERT • WALTERS • ASSOCIATES
RECRUITMENT CONSULTANTS
66-68 Haymarket London SW1Y 4RF Telephone: 01-930 7850

Financial Accountant

To £19,300 (plus car scheme)

Remarkable success is being achieved in the regeneration of London Docklands. The scope of the Development Corporation's task includes direct investment in an extensive project programme of reclamation, transport and services infrastructure, and environmental works as well as sales, marketing and business development activity and site disposal for housing and industrial/commercial development. Expenditure, funded by grant and land disposal receipts is planned at £150m in the current financial year.

The processes of financial management and control in a results-orientated environment are therefore varied and demanding and give the opportunity for close and direct involvement with a range of programmes.

This appointment is an opportunity for a Financial Accountant to take day to day responsibility for the effective running of the accounts function including payments and receipts, cash balances and reconciliations with a support team of five.

Candidates should hold a recognised UK accountancy qualification and be able to demonstrate their capability in a dynamic environment as well as their potential for development to higher responsibility in the Corporation.

Please write for an application form to: **Chris Woodman, Personnel Officer, London Docklands Development Corporation, West India House, Millwall Dock, London E14 9TJ.** Returnable by: October 23, 1987.

An Equal Opportunities Employer.

Financial Controller-Company Secretary

£ Negotiable
West Sussex

Our client is a very significant member of a reputable group which is in the top 10 in world manufacturing and is an international name in hydraulic technology.

Its manufacturing base and headquarters in West Sussex produces hydraulic and electronic products for the home and overseas markets. It is also the financial accounting centre for production and for UK sales.

Reporting to the Managing Director you will form part of a team dedicated to developing and expanding the business in the most cost-effective and profitable way. More specifically your role is to maintain and develop financial systems, exercise appropriate financial control, produce short and long term business plans, and advise on financial policy and procedures. Additionally you will be responsible for the computerised management control systems.

We are seeking a qualified accountant with at least 10 years post qualifying experience in a manufacturing environment which incorporates machine shop batch production and in which computerised accounting and manufacturing systems are utilised. The successful candidate is likely to be already holding a senior financial position in an engineering environment.

The rewards package includes a negotiable salary, a fully expensed car, BUPA, and pension arrangements.

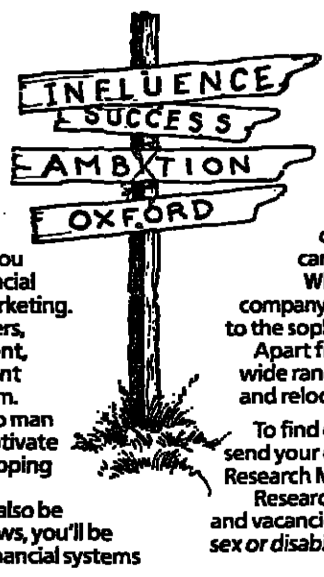
The position offers an ideal opportunity to enter an organisation which is structured to expand and which is receptive to change.

Please write enclosing a full CV, indicating your current salary and quoting ref MCS/5091 to
Barrie Whitaker
Executive Selection
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

FINANCIAL ACCOUNTANT **c.£18,000+CAR**

WHAT SIGNS SHOULD YOU BE LOOKING FOR IN A NEW CAREER?



Look to Research Machine's Financial Department and you'll be looking at a management team whose job it is not only to account for where we have been, but also to signpost where we are going.

And as one of the microcomputer industry's fastest growing success stories, we are going to some very interesting places indeed.

Very much a commercially driven role, you will provide the vital link between our Financial Department and such areas as Sales and Marketing.

There'll be alot of exposure to customers, financial institutions and senior management, so you mustn't be afraid of making important decisions. And taking responsibility for them.

Much of your efforts will be directed to man management and you'll be expected to motivate and manage the Accountancy Team, developing your personnel skills as we expand.

Day to day accountancy functions will also be important, and as the company quickly grows, you'll be directly influencing and developing new financial systems and structures.

Your input will have a fundamental effect on Senior Management decisions, and so our requirements are understandably stringent.

A graduate and qualified Accountant, you will have a minimum of 2 years post qualification experience. On a personal level astute commercial awareness will need to be combined with a strong desire to develop your career up to the highest level.

What we offer in return is the chance to work for a company whose future success will be directly attributable to the sophistication of its financial accounting policies.

Apart from the highly competitive salary, there's a wide range of benefits including a company car, B.U.P.A. and relocation assistance where necessary.

To find out more, call us on Oxford (0865) 726136, or send your curriculum vitae to The Personnel Department, Research Machines, Mill Street, Oxford OX2 0BW.

Research Machines is an equal opportunities employer and vacancies are open to all people irrespective of race, sex or disability.

RESEARCH MACHINES

MERCHANT BANKING

Newly/Recently Qualified Accountant

City ***c.£20,000 + Mortgage Benefits***

A rare opportunity for a Newly/Recently Qualified accountant to enter the Investment Management arm of a Big 8 UK Merchant Bank, with a view to progressing into Broking or Dealing.

Your initial responsibilities will include the provision of investigative analysis of listed companies, while developing existing management information systems and modifying intra-group charging methods.

Aged 23/27, the successful ACA/ACCA/ACMA need not have previous exposure to the Financial Services sector as full training will be given, but should be able to demonstrate a personal, informed interest in its ongoing activities.

Please contact NICOLA LENDRUM Ref: 4373 on 01-404 3155, at ALDERWICK PEACHELL & PARTNERS (Financial Recruitment Consultants), 125 High Holborn, London WC1V 6QA.

Alderwick and Peachell PARTNERS LTD

FINANCIAL DIRECTOR (Designate)

Cambridgeshire **up to £25k + car**

Our Client, a well respected group of companies within the Computer Industry, has experienced significant growth over several years and plan a Stock Exchange listing. They seek a Financial Controller (Financial Director Designate) who will take the Company through this stage of their development and make a positive contribution to the on-going growth of the Organisation.

Applicants, who will be professionally qualified, will have a proven track record of managing an Accounts Department, interpreting and advising on financial information and handling statutory requirements. Previous contact/knowledge of the City and related financing will be an obvious advantage.

The successful applicant will identify themself through a proven record of generating respect/creditability with other members of a professional and demanding management team.

In addition to a commencing salary of up to £25,000, the Company offers an exciting employment package including a car and a share option scheme.

Please apply, supplying full details of your career and experience to date to Chris M. Dryden, Personnel Consultant quoting reference 540/30. A detailed profile on the Company and position will be subsequently forwarded to all applicants.

Professional Personnel Consultants Limited
Godwin House, George Street, Huntingdon, Cambs.
Telephone Huntingdon (0480) 41 11 11
"an equal opportunity vacancy"

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HORSHAM · READING · BURGESS HILL · UXBRIDGE · LIVERPOOL

CHIEF ACCOUNTANT

Sussex **£ negotiable + car**

The Tilbury Group is engaged in a wide variety of construction activities which includes a rapidly expanding Property Development Division based at Burgess Hill.

This Division now requires a qualified Accountant (ACA or ACCA) ideally with some experience in the Property Development and Investment field, to work closely with the Finance Director. Management accounts, reports and budgets are produced and monitored on a monthly basis, and the postholder will also take responsibility for financial accounts. Extensive use is made of computerised systems and candidates should be able to demonstrate relevant experience.

An enthusiastic, shirt-sleeves approach is required. Preferred age range is late-twenties to early thirties. The position will attract an excellent benefits package including Company car and low cost pension fund.

Please apply in writing to: Mr Iiain Jones—Personnel Officer, TG Services Ltd., Tilbury House, Rusper Road, Horsham, West Sussex RH12 4BB.

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A MEMBER OF BLUE ARROW PLC

Financial Director

Process Control Equipment
East Midlands, c £30,000, Car, Bonus

This division, part of a significant international group, is a leading supplier of process control equipment and systems for the process and energy industries. There are several European facilities with a combined turnover of £50m and a total of 600 staff. Reporting to the Director of Operations, the successful candidate will take overall responsibility for the divisions finance and accounting functions through the controller of each facility. Applicants ideally aged 30–40, must be qualified accountants, preferably ICMA, with a strong manufacturing background, who have managed the total accounting function at controller level. Some familiarity with US and multinational accounting requirements is desirable. Of key importance is the ability to lead the executive team in the financial direction of the business. The division is expanding significantly and there are excellent career opportunities for a strong, committed and decisive individual with the ability to operate at the strategic planning level in a complex environment. The fringe benefits include a car, significant bonus and relocation where applicable.

M. Stein, **Hoggett Bowers plc**, *1/2 Hanover Street,*
LONDON, *W1R 9WB*, **01-734 6852.** *Ref: H17015/FT*

Financial Controller

Plastics Machinery
Berkshire, £25,000 Negotiable, Car, Benefits

This challenging role for a young qualified accountant is in a manufacturing division of a major publicly quoted engineering group. The operation markets and produces complex individually commissioned machines for a worldwide clientele and is a market leader in its field. Responsible to the Managing Director and with a strong interface to the associated US operation, this role demands considerable interpersonal and systems skills as well as a high level of technical accounting expertise. The management of a 15 strong team of accounts/DP staff and exposure to senior personnel throughout this international sector will prepare the individual for progression to a senior financial role in the group, either UK or overseas based. Applicants aged 30–35 must be qualified ACA/ACMA/ACCA, preferably with international company experience. Personal qualities will include high analytical/communication skills, strong self-motivation and the ability to work under substantial pressure.

S.J.A. Nicholson, **Hoggett Bowers plc**, *1/2 Hanover Street,*
LONDON, *W1R 9WB*, **01-734 6852.** *Ref: H18013/FT*

Financial Director

West of Scotland, c £23,000, Bonus, Car

A career opportunity for a qualified accountant with a breadth of industrial experience to play a key role in the development of a profitable manufacturing company with an ongoing programme of product development and capital investment. With prime responsibility for the provision and interpretation of financial management accounting information, the successful applicant will also contribute to the success of the business through the effective management of the personnel, purchasing and MIS functions. Candidates, CA, ACMA, ACCA, ideally aged 30–40 must have a successful track record gained within manufacturing industry, utilising computerised information systems. Personal presence and drive, combined with commercial awareness, are essential as are the interpersonal skills necessary to achieve results through people. Conditions of employment are excellent including private health care and share options, coupled with the opportunity for career progression within a major UK group.

D.G. Burgon, **Hoggett Bowers plc**, *29 St. Vincent Place,*
GLASGOW, *G1 2DT*, **041 221 2585.** *Ref: G14021/FT*

Assistant Controller

International UK Group
West London, c £22,000, Car, Benefits

The major part of this multinational engineering group's diverse interests are overseas. To strengthen the Head Office finance function, this newly created role will play an important part in developing concepts of financial analysis utilising sophisticated MIS programmes and in increasing the present advice and assistance to group companies worldwide. International travel will feature regularly in the role and its high exposure will prepare the incumbent for rapid progression within the group/plc, either in the UK or abroad. Candidates should be recently qualified ACA/ACMA/ACCA in their mid to late twenties with commercial post-qualifying or relevant professional experience. The negotiable salary is enhanced by a company car and comprehensive benefits.

S.J.A. Nicholson, **Hoggett Bowers plc**, *1/2 Hanover Street,*
LONDON, *W1R 9WB*, **01-734 6852.** *Ref: H18011/FT*

Financial Controller

Engineering
Kent, c £22,000, Car

The company, part of a substantial international group with an international reputation in its field, has a current turnover of £30m with a total of 600 staff. Reporting to the Financial Director, the successful candidate will take full responsibility for the management accounting function including 10 staff, the emphasis of the job being analysis, budgeting, forecasting and financial modelling, together with management accounts and costing. Applicants must be fully qualified, preferably ICMA, with a good systems background and they will need to demonstrate an analytical and practical approach to the problems of a manufacturing environment. A significant investment programme and increased focus on each key business sector is resulting in solid overall growth and it is planned that in due course the successful candidate will take over some of the Financial Director's responsibilities. The normal large company benefits are offered together with a relocation package where appropriate to this very attractive location.

M. Stein, **Hoggett Bowers plc**, *1/2 Hanover Street,*
LONDON, *W1R 9WB*, **01-734 6852.** *Ref: H17014/FT*

Financial Director Designate

Lincolnshire,
Package To £20,000, Bonus Opportunity, Car, Relocation

This is an opportunity to become involved in a greenfield manufacturing situation. The client is a newly formed subsidiary of a diverse private holding group and is embarking on the establishment of a substantial manufacturing company, the products being high value processing plant sold into worldwide markets. The requirement is for an ACMA aged 30–45 who has very strong manufacturing accounting experience including systems implementation and budgetary control in a batch production environment. This is a fully accountable role with group reporting requirements. A full board appointment is envisaged in the short term. The benefits include a substantial bonus opportunity and full relocation assistance to an attractive area.

P.A. Adderley, **Hoggett Bowers plc**, *7 Lisbon Square,*
LEEDS, *LS1 4LZ*, **0532 448661.** *Ref: L11023/FT*

Financial Analysis & Control

A Development Opportunity with Excellent UK and Overseas Prospects
West of London, Close To M25, To £20,000, Car

This is a superb opportunity to gain wide ranging accounting and analysis experience at the centre of a fast moving, progressive British multinational business. After 2–3 years you will be well equipped for promotion to a senior financial position with an operating unit in the UK or overseas. You will be responsible for analysing and interpreting financial information from four major profit centres. You will have the use of a sophisticated management information system and a considerable proportion of your work will be special projects and non-routine assignments, including acquisition evaluations and integration. You will enjoy a high profile with senior management at headquarters and in the operating companies. Some overseas travel is assured. A qualified accountant in your mid 20's - early 30's, your experience in the profession or in industry will have given you an appreciation of headquarters accounting and consolidations. You will need good communication skills, initiative and flexibility to join this committed, lively team. The benefits package is very attractive and includes relocation assistance where appropriate.

S.P. Spindler, **Hoggett Bowers plc**, *George V Place, 4 Thames Avenue,*
WINDSOR, *SL4 1QP*, **0753 850851.** *Ref: W11021/FT*

These positions are open to male or female candidates. Please telephone for a Personal History Form to the relevant office, quoting the appropriate reference.

FINANCIAL DIRECTOR

SMALL FULLY LISTED PLC BASED IN LONDON WEST END SEEKS AGGRESSIVE FINANCIAL DIRECTOR

The company has recently been dramatically transformed and returned to profitability within the trading/engineering sector. Future plans are for growth by acquisition.

A very exciting opportunity exists for the right person. Ideally an accountant by training and probably aged 30/40 with experience in acquisition and restructuring.

An attractive package including share options will be offered.

Reply Box A0689, Financial Times, 10, Cannon Street, London, EC4P 4BY.

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For further information call 01-248 8000

Tessa Taylor
ext 3351

Deidre Venables
ext 4177

Paul Maraviglia
ext 4676

Elizabeth Rowan
ext 3456

Financial Controller

International Bank
City
c £35,000 - £40,000 + banking benefits

The London subsidiary of a well established European bank wishes to appoint a financial controller to its senior management team. The role will be to develop and run the accounting function in line with the continuing expansion of the bank's activities.

Reporting to the General Manager the person appointed will take full responsibility for the maintenance of strict financial accounting standards, for improving management information systems with particular regard to risk-management and profitability reporting, further developing the bank's EDP systems and monitoring the treasury function. There will be considerable opportunity to participate fully on matters of policy and commercial banking strategy as part of the senior management team.

Candidates should be chartered accountants with around 5 years' experience in a small to medium sized bank, having gained substantial experience in introducing and developing computerised financial and management accounting systems. The personal qualities of drive, leadership and self-motivation are essential.

The remuneration package, including an attractive base salary and normal banking benefits, will be negotiated with the successful candidate.

Candidates should write enclosing a full CV and salary details quoting reference MCS/2002 to
Christopher Bainton
Executive Selection Division
Price Waterhouse
Management Consultants
No. 1 London Bridge
London SE1 9QL

Price Waterhouse

FINANCIAL ACCOUNTS

c£20-£30,000

We are currently acting on behalf of several internationally renowned stockbroking institutions who are looking to fill a number of financial accounting positions. There are a variety of roles available and although prior experience within the financial services sector is preferable, it is by no means essential.

The successful candidate should be a qualified Chartered Accountant with a good exam record and the determination to succeed in a competitive environment.

For further details on the above positions please contact Joe Reilly or Alexander Smith on 01-583 0073 (or 01-870 1896 outside office hours).

COMPANY ACCOUNTANT

£19,000 + Car

Our client, an expanding company based in Central London with interests in the UK and overseas, wishes to recruit a newly qualified Chartered Accountant with a good academic background for a head office role.

The successful candidate will be involved with annual accounts, group profit forecasts, debenture issues and various ad hoc projects. Candidates, preferably from one of the big 8 firms, must display good accounting skills and a good commercial acumen.

Prospects for career development with the group are excellent and this position represents an ideal first move for a young accountant wishing to leave the profession.

For further details please contact Hugo Hunt on 01-583 0073 who will treat all enquiries in strict confidence.

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THE FINANCIAL & LEGAL RECRUITMENT SPECIALISTS
16-18 NEW BRIDGE STREET, BLACKFRIARS, LONDON EC4.
6 LLOYDS AVENUE, LONDON EC3.

Australian Investment Company

Financial Controller/ Company Secretary

West End to £40,000 + car

Our client is establishing a UK operation and seeks an unusual and gifted individual to look after all aspects of Finance, Administration, Operations and Compliance. This will cover the commissioning of an office, the setting up of systems, purchasing and leasing of equipment etc. He/she will report to the UK Managing Director and will need to be the type of person who can join an operation at its inception and develop with it.

Our Client is an Australian owned investment organisation and is part of a highly entrepreneurial international financial services group. The UK company's activities will centre on fixed interest and equity dealing, investment and acquisitions.

The role calls for a qualified accountant aged between 28/38 with a background in the Banking or Securities field. He/she will need Company Secretarial experience and will also be highly computer literate. This is the ideal opportunity for a generalist who likes to be involved in all aspects of a dynamic company which will remain small in terms of people employed. The person appointed can expect to become involved in take-overs and corporate finance work in due course. A high degree of interpersonal skills is also important.

Prospects for the right individual are considerable. A highly attractive remuneration package will be offered and this could later include equity participation.

Please apply in confidence to either Colin Barry or Caroline Magnus, at Overton Shirley and Barry, Prince Rupert House, 64 Queen Street, London EC4R 1AD. Tel: 01-248 0355.

It is essential that your application is with us by Thursday, 15th October, as our client will be in London in late October.

Overton Shirley & Barry
INTERNATIONAL SEARCH AND SELECTION CONSULTANTS

Controllers

Tonbridge Kent Package to £35,000 + Car

We have been retained by Fidelity International to advise on the appointment of two Divisional Controllers. Both positions are newly created, a result of the sustained and continuous growth of the business.

Service Division

Embraces Unit Trusts, P.E.P.'s and Banking. Working closely with the Director, the Controller will be involved in providing management information, and forecasting profitability. This is a very demanding position requiring a tough, practical, well disciplined accountant capable of organising and controlling a fast moving operation.

Systems Division

Providing the computer systems for all divisions, it is a large department, currently the biggest IBM 38 installation in Europe. It is however intended to upgrade to a main frame in 1988 which will entail considerable involvement in the change over. In conjunction with the Director, the Controller will be required to analyse the services provided. Additionally will establish a system for measuring financial results for multiple products and ensure profitable management of the business. Requires an individual with wide systems exposure.

Applications are invited from qualified accountants aged 30/40 with broad-based technical ability gained either in manufacturing or a service industry. Initially in a "shirt sleeves" role, the successful applicants will be charged with developing their own teams.

Package embraces salary and bonus, benefits include company car, non contributory pension scheme, private health, plus relocation costs and disturbance allowance where applicable.

Applications to: R. J. Welsh.

Reginald Welsh & Partners Ltd
ACCOUNTANCY & EXECUTIVE RECRUITMENT CONSULTANTS
123-4 Newgate Street, London, EC1A 7AA. Tel: 01 600 8387

FINANCIAL MANAGER

Driving developments in motor retailing

c.£20,000 + car Ipswich

Motor Retailing is one of today's fastest changing markets and most exciting business environments. It is particularly so within the Lex Automotive Group, an organisation that comprises the leading names in their respective quality product fields.

Within the Group, Lex Brooklands operates 10 major Volvo dealerships. Our finance function at Ipswich is a centre of expertise that provides accounting support for all Lex Brooklands' activities, including sophisticated group accounting facilities for the UK business plus a full accounting service for our London operations.

We now seek a high calibre finance professional to head a team of 18, ensuring that effective services are provided and that goals are achieved – frequently within a pressurised environment.

We are looking for a dynamic, qualified Accountant with 2-3 years' post-qualification experience. You should be familiar with computerised systems and must have a background in a "blue-chip" company, preferably in retailing or a related sector. A fluent communicator, skilful man-manager and tactful diplomat, you will be mobile and flexible and eagerly ambitious to move up and around – not just in Lex Brooklands but throughout the Lex Automotive Group.

Salary will be around £20,000 p.a., enhanced by a fully-expensed Volvo car, comprehensive benefits package, assistance with relocation where appropriate and genuine prospects for development.

If you are ambitious to drive new developments in an exciting and expanding market sector, please send a full c.v. to:
Ian McConaghy,
Personnel Manager,
Lex Brooklands Limited,
Ariston House, London Road,
Loudwater, High Wycombe,
Bucks HP11 1HE.

Lex
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For further information call 01-248 8000

Tessa Taylor ext 3351
Deirdre Venables ext 4177
Paul Maraviglia ext 4676
Elizabeth Rowan ext 3456

Assistant Vice President
Audit

Central London — **c. £32,000 + Car + Banking bens**

Our client, the UK subsidiary of a leading U.S. financial institution, is looking to recruit an Assistant Vice President within their Internal Audit area.

Responsibilities will include the management of a team in carrying out systems based audits and other audit services, planning assignments, monitoring audit workflows and providing training and instruction.

The successful candidate will either have reached manager level within a major professional firm, or will have gained post qualification experience in an audit role within a financial institution.

Probably aged 27-33 you will possess first rate communication skills and a proven record in man management.

The position carries a competitive salary package, including the usual benefits associated with a large financial institution.

Interested candidates should write, enclosing a comprehensive curriculum vitae and daytime telephone number quoting ref: 454 to **Philip Rice MA, ACMA, Executive Division, Michael Page Partnership, 39-41 Parker Street, London WC2B 5LH.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

Challenging opportunity to manage a business
Finance and Admin. Manager – Rental Business

Home Counties — **£25k-£30k + Car**

Our client is the rapidly growing UK sales and marketing operation of one of the largest international office equipment companies in the world. They are now structuring the mangement team for the future in order to manage continued growth and the introduction of new product ranges with an important strategic element of their business being equipment rental.

As a result of the above, the company has now identified the requirement for an experienced Finance and Admin. Manager to concentrate on developing and controlling the rental business. Reporting to the Finance Director, you will be responsible through 5 staff for:–

* All sales administration
* Profit planning/management
* Pricing
* Leasing proposals/financing
* Asset tracking

This is a highly commercial role with excellent prospects of promotion.

The successful candidate will be aged 29-33, a graduate accountant, possibly with MBA. Experience of a rental/leasing industry would be particularly relevant, whilst a strong commercial awareness and potential sales/marketing flair would be an advantage for future career progression.

Candidates who meet this requirement are requested to submit their C.V. immediately to:
**Wayne Thomas, Executive Division,
Michael Page Partnership,
Kingsbury House, 6 Sheet Street,
Windsor, Berkshire, SL4 1BG.**

Michael Page Partnership
International Recruitment Consultants
London Bristol Windsor St Albans Leatherhead Birmingham Nottingham Manchester Leeds Glasgow & Worldwide
A member of Addison Consultancy Group PLC

FINANCIAL AND ADMINISTRATION DIRECTOR

London — **Substantial package**

A major specialty insurance broker operating world-wide and with an exemplary record of profitability and growth seeks to recruit a dynamic professional to be based at their London office which houses approximately 140 staff.

Reporting to the Managing Director – Finance who is based overseas, you will be responsible for the entire UK finance function in addition to elements of the world-wide operations. Specific challenges in this newly created role will include:

- ☐ **Development of new computerised finance and administration systems.**
- ☐ **Provision of effective support for Broking and Claims operations.**
- ☐ **Contribution at Board level to general management policy development.**

Ideally aged 35-45, the successful candidate will be a qualified accountant possessing first-class communicative and commercial skills who will be motivated by a hardworking "hands-on" environment. An intimate knowledge of the accounting and administration needs gained from within the sector is a prerequisite.

The compensation package offered is both comprehensive and flexible and will be structured to attract a proven senior executive.

Interested applicants should telephone Phillip G. Price ACA or Charles Austin on 01-488 4114 or write quoting ref. A068 to Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN.

FINANCIAL CONTROLLER
CITY
£35,000 + Car
+ Substantial Benefits

BNP

BNP Capital Markets started trading in June 1987. Wholly owned by Banque Nationale de Paris, Europe's largest bank, the company covers all main areas of the Group's capital market activities including Eurobonds, Euroequities, Euronotes and SWAPS. The complement of the London operation exceeds 100 and this is expected to grow substantially in the next twelve months.

To sustain their rapid expansion they seek to recruit a qualified accountant to head their UK finance team. Reporting directly to the Head of Finance and Administration and responsible for 5 staff, the successful candidate will have full management of the department. This is a broad based role which will involve considerable liaison with other areas of the company.

Those suitable will be aged to 40 and will have at least 5 years banking experience. The successful applicant will be professionally qualified with extensive exposure to capital market activities (including SWAPS) and possess an indepth knowledge of the computer systems to support them. Essential attributes will include determination and sound business judgement, together with the ability to motivate, lead and inspire confidence in what will be a highly demanding environment.

*Apply in confidence with a written curriculum vitae to **Jon Vonk** or **John Rose** or telephone 01 629 4463 (Evenings 720 1527).*

HARRISON WILLIS
FINANCIAL RECRUITMENT CONSULTANTS
Cardinal House, 39-40 Albemarle St, London W1X 3FD. Tel. 01-629 4463.

ACCOUNTING MANAGER

Yorkshire
c£25,000
+ Bonus
+ Car

Our client is a household name UK plc with a £multi-million turnover operating on a wide geographical basis. It is committed to both organic and acquisitional growth and has an outstanding track record of recent success.

They wish to appoint an Accounting Manager who will head a department of 50 with responsibility for the production and interpretation of management information both at Head Office and operational level. Key areas of involvement will include the continued development of the company's management information systems, the direction of a team of high calibre qualified and part-qualified accountants in addition to participating in the company's financial strategy and contributing to the ongoing profitability of the business. Career prospects are excellent.

Candidates aged 28+ will be qualified accountants (ACA, CIMA, CACA) with well developed man-management skills, preferably gained in a substantial UK Group, in order to direct and motivate a large department. Individuals will also possess personal presence, highly developed communication skills and commercial awareness in order to operate successfully at Executive level in a major Group.

Initially please write with full career details to: Steve Garlick, Lockyer, Bradshaw & Wilson Ltd, 39-41 Parker Street, London WC2B 5LH. Please list in a covering letter all companies to whom you do not wish your application sent.

LBW
LOCKYER, BRADSHAW & WILSON LIMITED

Financial Controller
Expanding Financial Services Company

Rural West Midlands
To £30,000 + Car

This well established and prestigious Financial Services Company has grown rapidly in recent years and envisages further substantial growth in line with an aggressive business plan. To support this planned growth it is now seeking to appoint a senior Accountant to the newly created position of Financial Controller to play a key role in its operation and future development.

The successful applicant will assume prime responsibility for financial accounting, reporting, analysis and control, and in so doing enhance operating results by the continued upgrading of the accounting and control functions of the company.

Candidates, ideally aged 30-40, should be qualified accountants with substantial post qualification experience including approximately 5 years in a senior financial management role. This experience, whilst not necessarily biased towards the financial services sector will certainly have been gained within a service related industry. Staff management experience and computer literacy are essential, as is the desire to become actively involved in the company's development.

In addition to the attractive salary offered the position will also carry a comprehensive benefits package including a company car, pension scheme, free life assurance and, where appropriate, relocation to this delightful part of the Midlands.

Candidates should apply in confidence, enclosing a full CV indicating current salary and quoting MCS/8756 to Gary Birney.
**Executive Selection Division
Price Waterhouse
Management Consultants
Livery House
169 Edmund Street
Birmingham B3 2JB**

Price Waterhouse

INTERNAL CONSULTANCY
MANAGEMENT INFORMATION

PERTH – £12,500-£15,000 and £16,000 – £19,000 Plus Benefits

THE COMPANY

Based in Perth, Scotland, General Accident is one of the major UK insurance companies, employing more than 17,000 people in 45 countries worldwide. Known as the "Gateway to the Highlands", Perth lies within easy reach of all Scotland's major cities. The area offers excellent sporting and leisure facilities, as does the company's own modern sports complex with swimming pool and squash courts.

THE JOB

We are looking for staff to join the team providing General Accident with a professional Management Information service. Our work is an integral part of the decision-making process across the whole spectrum of the general insurance business. We advise on:

- financial planning, from corporate down to product level
- profit testing and pricing of new and existing products
- management of reserves to ensure adequacy
- providing for the MI needs of tomorrow

The work involves:

- modelling techniques to overcome reporting and processing delays
- application of advance information technology to very large databases
- communication of complex findings to non-specialists
- research into new methods of pricing, measurement of profitability, identification of market segments, reserve management techniques.

We require numerate people with a combination of business, management information and communication skills. Preferably candidates should have a good degree standard in a mathematical subject and possess relevant professional qualifications (actuarial, accountancy or insurance).

THE BENEFITS

The Corporation is offering a comprehensive range of staff benefits including attractive house purchase facilities, help with relocation expenses where appropriate, non-contributory pension and life assurance schemes.

Please write, giving details of career and qualifications, to:
The Staff Superintendent (Head Office),
Personnel Department,
General Accident, Pitheavlis, Perth, PH2 0HN

General Accident

Group Internal Audit Manager

c£18,000 + car — *S.E. Staffordshire*

This is an excellent opportunity to build on your audit skills and pave the way towards further career development in the short term.

Our client is a highly successful, £200m turnover subsidiary of a blue chip European Group, with interests in manufacturing, distribution and retailing.

Your key challenge will be to establish and manage a small department responsible for auditing the books of account and supporting systems of the principal company and its operating subsidiaries in the U.K. You will also review all internal controls, and will play a crucial part in the development of increasingly sophisticated computer systems.

This is a stimulating and rewarding role which will appeal to an ambitious Chartered Accountant ideally aged in his or her late 20's/early 30's, with significant audit experience and a thorough knowledge of computerised systems, gained in large company environments.

A substantial salary is enhanced by a wide range of large company benefits, including relocation assistance, where appropriate. Career development opportunities are excellent.

Please write with full career history to Noel Alexander, Regional Director, Austin Knight Advertising UK Ltd., Tricorn House, 51-53 Hagley Road, Birmingham B16 8TP, quoting Ref. ABG 572.

Applications are forwarded to the client concerned, therefore companies in which you are not interested should be listed in a covering letter.

Austin Knight Advertising

EVERSHED & TOMKINSON
SOLICITORS

PARTNERSHIP FINANCE DIRECTOR

Birmingham — **c.£30,000 + car**

A unique and challenging opportunity has arisen with EVERSHED AND TOMKINSON, a substantial and prestigious legal partnership based in Birmingham.

Our clients wish to appoint a senior executive to the post of Partnership Finance Director. The successful candidate will become a member of the practice's Management Committee, and will take responsibility for the financial control of the practice and all aspects of its management information systems. Applicants must understand partnerships and their business ethics and practices – a working knowledge of taxation and computers is essential.

The post would ideally suit a highly professional and articulate qualified Accountant, most probably aged around 35-45. Experience to date will have been gained within a professional accountancy firm, probably followed by a period in commerce. Personal qualities must include the ability to gain the respect of partners and motivate staff.

An attractive salary package is available, to include a car and other benefits. Please apply, in writing, with full career and salary history details, and quoting reference B/083/87 to Louisa Chapman.

KPMG Peat Marwick McLintock
Executive Selection
Peat House, 45 Church Street, Birmingham B3 2DL.

Group Financial Controller

c£30,000 + car + benefits

The Group is a leading distributor of tube and industrial products with a turnover of over £100m and employing over 1400 staff. Operating in a competitive industry it has grown through both increased sales and acquisitions and has developed an extensive UK distribution network. A reorganisation to take account of recent growth has led to the new position of Group Financial Controller based at the head office in East London.

Reporting to the Financial Director, the appointee will have as a primary task the review and development of accounting and control systems within the Group. Other responsibilities will include controlling Group accounting, the consolidation and preparation of Group statutory and management accounts, budgeting, taxation, managing 6 Financial Controllers, evaluating acquisitions, and implementing accounting and control systems in new subsidiaries.

Candidates should have a background in managing the financial operations of a large company, preferably with a distribution network. An accounting qualification should be combined with the practical ability to manage staff and control accounting operations. With a strength in systems development, the appointee must have both the ability and energy to work autonomously in this challenging position.

Please reply in confidence, giving concise career, personal and salary details to:
Michael Fahey, Ref. ER959, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

DIRECTOR OF FINANCE

Surrey — to £50,000 p.a. + package

A market leader in Retail Financial Services with annual revenues in excess of £100M and an enviable record of growth, seeks to recruit an accomplished financial executive to fulfill a crucial role, based at their UK Headquarters.

Recent divisionalisation of their activities, which encompass Private Healthcare, group pensions, unit trusts and personal financial products, has created a demanding role which will be a focal point for group development.

Reporting at main board level, specific challenges will include:–

- **Development of group and divisional M.I.S.**
- **Rationalisation of group reporting and analysis activities.**
- **Man management and motivation.**
- ***Contribution to commercial developments, both organic and acquisitive.***

Aged in the range 30-40, the successful candidate will be a qualified accountant who possesses excellent communicative and commercial skills and an excellent track record gained in industry and commerce. A thorough appreciation of the unitised investment funds management industry is highly desirable.

Remuneration for this senior position is negotiable and the main package elements will include an executive motor car and subsidised mortgage, together with relocation assistance as appropriate.

Interested applicants should contact Phillip Price ACA or James Forte on 01-488 4114, or write enclosing a comprehensive CV, quoting reference A072, to Mervyn Hughes International Ltd., Management Recruitment Consultants, 63 Mansell Street, London E1 8AN.

Group Finance Director

Acquisitive Young PLC

£40-45,000 + share options

Mid Essex

Our client is a highly successful group of companies in the packaging industry, with a record of sustained growth and profitability, and boast many top name clients in their £30m turnover. Last year they obtained a Stock Exchange listing and are strongly positioned to move ahead with their ambitious expansion plans.

They now wish to appoint a high calibre Group Finance Director as a key member of the Main Board. The responsibilities will be wide ranging, with particular emphasis on strategic planning, acquisition negotiations and maintaining close links with the City.

Candidates must be Qualified Accountants, aged 35-45, with indepth experience of acquisitions and fund raising, ideally in a manufacturing environment. They must be able to demonstrate keen commercial awareness and the entrepreneurial flair to maximise the group's considerable potential.

The remuneration package is fully negotiable and will include attractive directors' incentive and share option schemes. Relocation assistance will be available.

Please send concise details, including current salary and daytime telephone number, quoting reference S9177, to W S Gilliland, Executive Selection Division, Grant Thornton Management Consultants Limited, Grant Thornton House, Melton Street, Euston Square, London NW1 2EP.

Grant Thornton
Management Consultants

OFFICIAL SPONSOR OF THE 1988 BRITISH OLYMPIC TEAM

Young Financial Analyst

F.M.C.G. 'blue-chip' leader

c£15k+benefits Northumberland

Every once in a while, the right job opportunity comes along: the chance to play an influential role in the development of a 'blue-chip' company combined with excellent personal and career opportunities.

That is precisely what our client can offer. Holding pole position in the high quality tissue market the future for its new financial analyst mirrors exactly what it sees for itself - on-going growth and success.

For an intelligent, articulate and determined individual who is commercially and financially aware, the role offers great scope. There is the opportunity to fully utilise initiative in broadly-based areas involving the monitoring, analysis and forecasting of performance at every stage of production. Success in this key post will mean progression into a more senior role within the company.

We are looking for someone with either a numerate degree or an accountancy qualification who has varied but relevant experience, including exposure to computer applications, within a manufacturing environment.

Apart from the attractive salary, there is a 'major company' benefits package that includes relocation assistance (where appropriate) to an area offering outstanding natural beauty, yet within easy reach of the city of Newcastle upon Tyne.

Begin that next vital career move by sending your detailed CV (which will be forwarded directly to the client) to
David Green, Bensons Recruitment,
13 Baird Close, Stephenson Estate
Washington NE37 3HL.
Tel: 091-416-4059.

Bensons
Recruitment Advertising & Selection

AN INVITATION TO ACAs

GLOBAL SECURITIES
£26,000 Package

JPMorgan

J. P. Morgan will be hosting open evenings nationally the week commencing 12th October. These will take place in Leeds, Birmingham, Bristol and their London Offices in the heart of the City.

This is an outstanding opportunity to meet and informally discuss career opportunities within one of the world's premier financial institutions.

A variety of new openings exist in MIS for SWAPS, treasury and other trading areas; systems liaison, management accounting and operational auditing. These will immediately challenge your accounting and auditing skills.

Entry is strictly by invitation. If you are interested in attending and you have qualified within the last 2 years contact: ***Graham Palfery Smith*** *on 01 629 4463 (01 464 0927 evenings and weekends) or write to him today at* ***Harrison Willis, Financial Recruitment Consultants, Cardinal House, 39-40 Albemarle St, London W1X 3FD.***

A Major Charitable Concern

FINANCIAL EXECUTIVE

c£25,000 + benefits — Central London

Our client is a major charitable organization and one of the UK's foremost investors. With assets in excess of £2 billion and an annual income of over £100 million they are required to manage these resources efficiently in order to provide for their many beneficiaries.

Following reorganization of the finance function, a new position has been created. Working closely with the Financial Controller, and with 12 staff directly reporting, your responsibilities will include the preparation of period and year end accounts, treasury and trust matters, budgets and forecasts, and liaising with external advisors. All accounts are computerized and further systems development will be required.

Candidates should be experienced accountants, preferably qualified ACA/ACCA's with line management exposure. Strong financial accounting skills and a mature, committed approach are required. You are likely to be aged 33-50.

If you would like to find out more about working in this stimulating, secure and worthwhile environment, telephone or write to Sue Rossiter. Outside office hours telephone (0491) 680015.

MKA

London, Maidenhead, Worcester, Leeds — Search, Selection & Training

Financial Controller

Humberside £25,000+car — CITIZEN

The Citizen Watch Company of Japan is building its first European manufacturing facility at Scunthorpe, where it will produce computer printers for the UK and European markets. Employing over 300 people within two years, the £6 million investment reflects both Citizen's diversification strategy and its growing worldwide reputation for high quality computer peripherals. Building work on the purpose-designed facility is due for completion by August 1988; meanwhile production has already started within a temporary unit.

A Financial Controller is required to develop and install financial and management accounting systems including costing, budgetary and stock control. Reporting to the General Manager, advice and guidance will be available from the European Financial Controller based in Citizen Europe's headquarters at Uxbridge.

Candidates must be qualified accountants, preferably in their late 20s/early 30s with line management experience in manufacturing, particularly in a high volume environment. Originality, initiative and self-motivation will be key elements for success while previous exposure to a start-up situation will be a distinct advantage.

This is an excellent opportunity to join a rapidly expanding international company and to take a significant role in developing a greenfield site. In addition to an attractive salary and benefits package, the rewards for the successful candidate are exposure to a highly professional environment and real career progression. Costs will be met in relocating to this attractive area of Humberside, where house prices are well below the national average.

Please write in confidence with full career, personal and salary details quoting R.158 to:
Derran Sewell, Corporate Resourcing, Arthur Young Management Consultants, Commercial Union House, Albert Square, Manchester M2 6LP.

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Finance Director

South Coast £25k-£30k + car + benefits

Johnson & Johnson Orthopaedics Limited is one of the fastest-growing Companies within the world's largest health-care organisation. Based in New Milton on the edge of the New Forest, we manufacture state-of-the-art orthopaedic and fracture repair products to supply world markets.

The promotion within the Group of the current Director has created the opportunity for a new Finance Director to play an influential role in the development of the Company. As a member of the Board of the Directors, good communication and professional managerial skills are as essential as the ability to exercise strong financial control in a flourishing high-tech precision engineering business. Prime responsibilities will encompass finance, costing, forecasting, computer services and Company Secretarial duties.

You will be professionally qualified and already experienced in the key functions outlined to a senior level. In addition, your desire to become involved in the total management of the business will be supported by an impressive record of achievement so far.

We offer an attractive salary, annual bonus and executive car together with the excellent benefits expected from a member of the Johnson & Johnson worldwide family of Companies, including relocation assistance where appropriate.

If you are interested, please write enclosing full cv, to Guy Rothwell, Personnel Manager, Johnson & Johnson Orthopaedics Ltd, Queensway, Stem Lane, New Milton, Hants BH25 5NN. Tel: 0425 620888.

Johnson & Johnson
ORTHOPAEDICS LIMITED

CHIEF ACCOUNTANT

EXCELLENT PROSPECTS WITH AN INNOVATIVE HI-TECH GROUP

BERKSHIRE — £25,000 + CAR + BONUS

A graduate Chartered Accountant, aged 28-33 and with high potential, is sought by a successful, medium sized public group.

Reporting to the Group Finance Director, the role will include all interpretive group financial and management reporting, plus treasury management, strategic planning, systems enhancements and company secretarial administration.

The Group, which employs around 200 people, is enjoying sustained organic growth; selective acquisitions and high investment are designed to ensure continued profitable expansion.

Applicants should have trained with a major practice, have post qualification experience in a large industrial/commercial company and be able to offer stature, maturity and good communication skills.

To further your interest in this exceptional opportunity, please write briefly enclosing a comprehensive CV or telephone for a personal history form to J. Constable, quoting ref: 4975.

RECRUITMENT SELECTION & ADVERTISING
EXECUTIVE CONNECTIONS

European Financial Controller

to £35,000 + car — M3 Corridor

Our client is the European subsidiary of a U.S. multinational in the electronics industry with turnover of over $100 million. The corporation develops, manufactures and sells high value capital equipment to many of the largest microchip manufacturers in the world. Its European operations include sales and service businesses in the U.K., France and Germany, as well as its own European R & D facility.

This is a new position reporting to the President in Europe. The appointee will be a key senior manager, responsible for all financial, systems and related administrative areas across the three countries. Important tasks include strict budgeting and forecasting, good cash control, strong asset management, the development of new computer systems, and all legal and tax matters.

A broadly based role, the successful candidate will need to be a graduate chartered accountant, with a strong technical and systems background and at least 5 years commercial experience, preferably with a U.S. subsidiary in a European function. With a knowledge of French, you will also need maturity, initiative, flexibility, and enjoy travel to Europe and the US.

Please reply in confidence, giving concise career, personal and salary details to:
Sarah Orwin, Ref. ER960, Arthur Young Corporate Resourcing, Citadel House, 5-11 Fetter Lane, London EC4A 1DH

Arthur Young Corporate Resourcing

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

ACCOUNTANT

FINALIST/NEWLY QUALIFIED

We are a rapidly expanding company within a major US Group.

The job will include the preparation of monthly financial/management accounts and variance analysis.

Experience of US reporting requirements and LOTUS 123 would be an advantage. The ability to work to tight deadlines essential.

An attractive salary will be offered, plus BUPA Medical Insurance and Company Pension Scheme.

Application in writing with full CV to

K. A. Seymour
ALLERGAN LIMITED
Turnpike Road
Cressex Industrial Estate
High Wycombe
Bucks HP12 3NR

Divisional Accountant

Corporate Finance

PHILLIPS & DREW

Phillips & Drew is a leading UK securities house, providing a wide range of financial services to its clients. Corporate Finance is the Company's fastest growing division. Its corporate client list has more than doubled in the last three years and includes a large number of UK and international household names.

This continued expansion has created an exceptional opportunity for an experienced Accountant. As Divisional Accountant, it will be your job to establish and exercise financial control over all aspects of the division's activities. This will involve the setting up of an accounting function within the division, the design of both manual and computerised systems, and the establishment of regular reporting to both the divisional management and the Group Finance function.

You should be a qualified Chartered Accountant with a minimum of three years' post-qualifying experience. You are familiar with computerised accounting systems and possess excellent organisational and interpersonal skills. If you are looking for the chance to respond to the challenges of a demanding environment write with your CV to:
Isabel H Doverty, Recruitment and Development Manager,
Phillips & Drew Limited, 120 Moorgate,
London EC2M 6XP

A MEMBER OF THE UNION BANK OF SWITZERLAND GROUP.

FINANCIAL CONTROLLER

PACKAGE TO £30,000 PLUS CAR

Cellnet operates the world's most advanced mobile communications network. In under three years the company has become one of the most dynamic and innovative companies in Europe. Mobile Communications is the growth industry of the future and Cellnet is poised to lead the industry in the UK and shortly in Europe. The company is now seeking a Financial Controller with the ambition and skills to grow with it.

Reporting to the Finance Director, the Financial Controller is responsible for the running of the accounting function and manages a team of 11 people. The role interfaces with non financial managers with emphasis on the provision of appropriate management information to contribute to commercial decisions.

Candidates should be qualified accountants ideally in their early thirties. You should have had exposure to sophisticated computerised systems, a fast moving environment and be ready for a controllership at this level. Your success will be determined by excellent interpersonal skills, commercial judgement and maturity.

Please reply in confidence giving concise career, salary and personal details to Heather Male quoting Ref L286 at Slade Consulting Group (UK) Ltd, Metro House, 58 St James's Street, London SW1A 1LD. Tel: 01-629 8070.

Cellnet THE CELLPHONE NETWORK

International Search and Selection

SLADE CONSULTING GROUP (UK)

COMPANY SECRETARY

International Commodities Group

City of London • package £23-28,000

The London office of a leading international commodities group seeks to strengthen its central management team by the appointment of a Chartered Secretary aged 30-35.

The purpose of the appointment is to fulfil a key role as part of the group's management resources in providing streamlined, efficient support services thereby enabling the group's dealing and trading teams to perform profitably within today's business environment.

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SECTION II – COMPANIES AND MARKETS

FINANCIAL TIMES

Thursday October 8 1987

Japanese lend bulk of $425m raised by BankAmerica

BY ANATOLE KALETSKY IN NEW YORK

BANKAMERICA, the holding company for the second-largest US bank group, has succeeded in raising $425m of new capital, primarily from Japanese investors.

The long-awaited announcement, which will contribute significantly to an improvement in the struggling bank's capital ratios, came after one of the most arduous marketing campaigns in the history of international investment.

In addition to causing some embarrassment to the Japanese Government because of their apparent reluctance to assist one of the San Francisco-based banking giants, the Japanese financial institutions managed to impose tough terms on BankAmerica.

The $425m capital offering consists of $325m of 12-year floating rate subordinated debt, and $100m of convertible preferred stock. The debt, $250m of which will be taken up by banks and other institutions in Japan, will carry an interest rate of 1¼ per cent above the three-month London Interbank Offered Rate (Libor).

Analysts have noted that this interest rate puts BankAmerica's credit standing in an unfavourable light, even compared with Third World debtor countries such as Argentina and Mexico. Mexico, for example, paid only ⅞ of a percentage point above Libor at the latest rescheduling of its bank debts.

In addition to the generous interest margin, BankAmerica has sweetened the deal even further, pricing the notes at 99.75 per cent and adding 10m 10-year warrants to buy its common stock at an exercise price of $17.50.

Yesterday morning the bank's stock was trading at around $11⅞. The $75m of BankAmerica debt not taken up by the Japanese will be sold internationally on the same terms by Bank of America International Ltd.

The $100m of convertible preferred stock also announced yesterday will have a dividend of 9.5 per cent and be convertible into common stock for 10 years at $17.50. All of this issue is being taken up in Japan, at a price of 99.75 per cent, primarily by life and general insurance companies.

With the placement of yesterday's notes and preferred stock, BankAmerica will have completed just over half the capital raising programme it announced in April, when it registered $1bn of fixed-interest securities plus 10m warrants with the Securities and Exchange Commission (SEC).

In May, shortly after the registration, the bank sold $100m subordinated auction rate notes, mainly to US investors. Thus a further $475m of debt remains to be issued under this SEC filing.

In addition, BankAmerica sold $300m of three-year floating-rate notes in August under an earlier filing, in an offering which was well received by US investors and ended up oversubscribed.

The bank has also offered existing shareholders up to 20m shares of new equity in monthly issues a programme which should eventually raise between $200m and $250m in new shareholders' funds.

Chase launches aid to hedging

By Our New York Staff

CHASE MANHATTAN, the third-biggest US bank, has introduced a new government-insured financial instrument for bearish speculation, or hedging, by retail investors on Wall Street.

The new instrument is a certificate of deposit with an interest rate linked to the percentage decrease in the Standard & Poor's 500 between the time of issue and redemption.

The CDs are available with terms of three, six and 12 months in sums of $1,000 upwards, and all investments up to $100,000 carry a guarantee from the Federal Deposit Insurance Corporation.

For a 12-month CD with no fixed interest payable, Chase is offering a return of 1.05 times the percentage decline in the S&P 500. Investors who wish to receive some guaranteed interest payment can opt for a CD with a fixed interest rate of 4 per cent and an additional return of 0.6 times the decline in the S&P 500.

The new CDs add to a growing array of seemingly risk-free stock market-linked investments which Chase has been issuing since the beginning of this year.

Last month the bank came out with a Reverse S&P Investment Note (Reverse Spin) with a maturity of three years, which promised to repay more than three times any decline in the S&P 500 between the time of issue and redemption.

Although the principal of the Reverse Spins was not guaranteed by the FDIC, it was backed by the assets of Chase itself.

Last spring when sentiment among investors was overwhelmingly bullish, Chase issued CDs linked to a rise in the S&P 500. It also marketed ordinary bank deposits with returns related to upward movements of the stock market.

Dixons drops plan for $50m Wall Street issue

BY DAVID WALLER IN LONDON

DIXONS, the UK electrical retailer, has abandoned plans to raise $50m on the New York Stock Exchange, blaming a recent bout of investor disaffection with speciality retailers in the US.

However, the company is still going ahead with plans to obtain a US listing for its shares.

The company had planned to raise the new money after moving into the US in March with the acquisition of Silo, the third-largest retailer of electrical goods in the US. It has now decided it would be inappropriate to proceed with the offering of 8.5m new shares, or 2.5 per cent of its equity.

"It is not as though we needed the money," said Mr Egon von Greyerz, Dixon's finance director. "We were concerned to whet the appetite of US investors, but over the last three weeks they have become nervous of the sector as a whole."

Mr von Greyerz stressed that trading conditions at Silo were excellent, with sales ahead by over 10 per cent against the previous year. The downturn in the sector had been prompted by a bearish statement from The Gap – a large clothing retailer whose shares fell by a half last month after it had announced that its third-quarter profits would plunge by 33 per cent.

"This has to be seen in the context of a Wall Street overreaction to specialty retailers in general," said Mr John Richards, retailing analyst at Wood Mackenzie, the stockbrokers.

Consumer demand was faltering just at the point where retailers were pushing through ambitious expansion plans, and previously attractive stocks were not on the sell list.

Mr von Greyerz said that, in trading terms, Dixon's subsidiary was going against the trend. Nevertheless he could hardly expect an issue of new shares to be greeted with much enthusiasm at this time, and the share price in London would have been depressed for some time as stock issued in the US would find its way back to London.

Dixon's US listing will be via sponsored American Depository Receipts. Several investment banks will be making a market in these shares.

Share in Dixons – which in July announced a 31 per cent increase in pre-tax profits to £103m ($167m) for the year to May – gained 3p to 385p.

Meanwhile, Royal Insurance, the UK insurance company and fund manager, yesterday said it planned a full listing on the New York Stock Exchange.

SHARES IN CANADIAN 'BLIND POOLS' TO COST 10 CENTS

Alberta doubles 'nickel' stock offer price

BY DAVID OWEN IN TORONTO

THE ALBERTA Stock Exchange, the F. W. Woolworth of the Canadian equities sector, is to double from 5 cents to 10 cents a share the minimum price at which its popular junior capital pools can come on to the market.

The pools, also known as "blind pools," are companies which lack assets, capital or even a business plan. They are able to seek seed money through public share offerings on the ASE under a scheme which has been running successfully for about a year.

The idea is for the shell companies to use the funds to seek out new business opportunities, trading in the meantime on little more than the expertise of their management teams.

On making its first acquisition, the company graduates to the full board of the exchange and is no longer considered a JCP. At the same time stringent escrow requirements come into effect, mandating that the stock's promoters and company directors hang on to their shares for up to three years.

According to Mr Gerald Romanzin, the listings director, the price hike is being undertaken to encourage long-term investors in JCP stocks at the expense of speculators or churners. The move will also help close the gap between underlying book value and trading price, Mr Romanzin said. The average JPC trades in a 25-30 cents range.

While the move may lead to some loss in volume, the 73-year-old exchange need not be too concerned since it is currently in the middle of what is very much a banner year.

By the end of August, volume had already surpassed the record full year 1986 figure of 469m shares by a comfortable 35 per cent. The value of shares traded was a full 51 per cent up on the full year 1986 value of C$466m.

Although officials play down the importance of JCPs in sparking the once struggling exchange's revival, pointing instead to the marked upturn in the energy and resources sectors, the advent of so-called nickel stocks has certainly aroused great investor interest.

Some 140 JCPs have now taken advantage of the scheme since its introduction, of which 17 have progressed to the main board. Mr Romanzin admitted many investors, initially attracted by the nickel stocks, have taken the same route.

Among the factors which may serve to boost the exchange's fortunes further in the final quarter is an ongoing offering of 2.1m shares at 70 cents a share by a blind pool named Ventana Equities. The fledgling company expects to start trading on the ASE shortly after the offer closes on October 14.

It is looking, according to Mr Angus Watt of Levesque Beaubien, which is selling the shares, for investments in the restaurant or manufacturing sectors.

Motor Colombus aims to reorganise

BY OUR FINANCIAL STAFF

MOTOR COLOMBUS, the Swiss industrial group, expects consolidated earnings to be at least maintained this year, according to Mr Angelo Pozzi, chairman.

He said the company, which made net profits of SFr13.8m ($89.8m) in the year ended July 1987, aimed to reorganise itself into four groups: energy, systems, communications and capital investment.

The company remained committed to its traditional business of energy production and distribution but would channel most of its investment into developing new technology and into its growing telecommunications business.

Motor Colombus would invest about SFr70m this year, most of which would be earmarked for developing technology, especially for the energy, biotechnology and electronics industries.

Mr Franz-Anton Glaser, a board member, said Motor Colombus's telecommunications subsidiary, Tele-Colombus, had concentrated on cable television but would also develop and maintain data banks, office communication systems and security systems.

Mr Glaser said the group was considering spinning off Tele-Colombus into a separate stock market listed company in order to take advantage of "favourable" market conditions.

Motor Colombus has also entered the US venture capital market through its Tecinvest subsidiary

KOP profits jump 45% to FM519m

By Olli Virtanen in Helsinki

KANSALLIS-Osake-Pankki (KOP), one of Finland's two leading commercial banks, has reported an increase of 45 per cent in consolidated profit, before appropriations and taxes, to FM519m ($117m) for the first eight months of 1987. This compares with a profit of FM635m for 1986.

The bank's profitability, according to Mr Jaakko Lassila, chief general manager, improved considerably during the period.

Interest income rose by 14 per cent to FM5.92bn while interest expenditure went up by 13 per cent to FM4.59bn. Total income amounted to FM2.23bn, up 20 per cent from the same period in 1986, while total expenditure rose by just 13 per cent to FM1.39bn.

Marine losses hit Wartsila earnings

By Olli Virtanen in Helsinki

WARTSILA, the Finish metal and engineering group with interests in shipbuilding, diesel engines, sanitary ware and security systems, has suffered a dramatic setback to profits for the first eight months of 1987.

Profits before financial items and taxes have tumbled to FM19m ($4m) from the FM465m of the first eight months of 1986. Turnover decreased from FM4.07bn to FM3.12bn.

The decline is entirely due to the poor fortunes of the world shipping industry. Wartsila Marine, which accounts for 40 per cent of group turnover, incurred a loss of FM185m during the period.

According to Mr Tor Stolpe, president of Wartsila, the Marine division's billings have been exceptionally low. Furthermore, the division was hit by substantial adjustment costs when the shipyards of Wartsila and Valmet merged at the beginning of this year. Wartsila now controls 70 per cent of Wartsila Marine while Valmet has 30 per cent.

Mr Stolpe is confident that the marine division's profitability will improve in 1988. The backlog of orders now totals FM8.5bn, including FM5bn worth of new orders received this year.

The diesel division's sales totalled FM553m, up 8 per cent from a year earlier, but profitability remains unsatisfactory. Sanitec, the sanitary ware division, increased sales by 12 per cent to FM432m. Capacity utilisation is high and profitability satisfactory.

Thomson plans FFr20bn spending

BY PAUL BETTS IN PARIS

THOMSON, the French state-controlled defence and electronics group, plans to invest FFr20bn ($3.27bn) in its expanding consumer electronics business over the next 10 years.

Mr Alain Gomez, the Thomson chairman, also disclosed yesterday that his group's longer-term ambitions for the consumer electronics division - Thomson Grand Public - included the possibility of a stock market flotation.

The disclosures follow Thomson's recent spate of acquisitions in this field, including the takeover of General Electric's RCA television and audio businesses in the US and Thorn-EMI's Ferguson operations in the same sector.

Mr Gomez, who has now embarked on a bold long-term strategy to build Thomson into one of the leading world consumer electronics groups challenging Japan's increasing dominance of this market, has also written a letter to Mr Jacques Chirac, the Prime Minister, urging the Government to take an urgent decision over the future of France's TDF direct broadcasting satellite (DBS)

Thomson argues that the controversial and costly DBS programme is crucial for the European consumer electronics industry if it is to compete successfully against Japan's growing inroads in the television market. Mr Gomez's letter reflects Thomson's intense preoccupation over the fate of the French DBS programme on which hangs the future of the new D2Mac European television broadcasting standards.

Thomson and its European rival, Philips, believe that the new European standard will give European colour television manufacturers an opportunity to resist Japanese competition in the future market of high definition television. This market will also provide a badly needed boost for television equipment manufacturers since it will create major consumer demand for a new generation of products.

After investing heavily in the sector with the RCA and Ferguson acquisitions, a decision by the French Government to abandon the TDF satellite programme would represent a major blow for Thomson.

The fate of the satellite project continues to hang in the balance because of the heavy cost of the programme and a protracted technical controversy over the satellite system itself.

Mr Chirac recently asked Mr Jean-Pierre Souviron, chairman of Morgan Grenfell Paris, to draw up a report on the satellite. This report has now been completed but the Government has yet to take a firm decision on the future of the TDF programme.

For Thomson, the stakes are particularly high, since the state-controlled group has opted for a corporate strategy hinged on two principal business sectors including its defence and professional electronics sector on one side and consumer electronics on the other.

The difficulties of some of its traditional defence markets and the problems of the French Dassault aerospace group are all combining to have a dampening impact on Thomson's defence order book.

Thomson has already announced a major restructuring programme for its Thomson CSF defence and professional electronics subsidiary involving the reduction of 2,500 jobs or 7 per cent of the total workforce between now and the end of next year.

Thomson CSF is nonetheless expected to report a strong advance in first-half net profits today.

Battle for control of Air Inter grows more heated

BY OUR PARIS STAFF

AIR INTER, the French domestic airline, has found itself at the centre of an increasingly heated financial dogfight between Air France, the national airline company, and UTA, the French international carrier controlled by the Chargeurs group.

Both Air France and UTA are now fighting for control of Air Inter in which they each have large stakes. In recent weeks UTA has doubled its stake in Air Inter to 28 per cent. The independent airline also indicated that it was not ruling out further share purchases to raise its stake up to 37 per cent.

Mr Jacques Friedman: head of Air France

In response to the UTA move, Air France, encouraged by Air Inter, has confirmed plans to increase its stake in the domestic airline.

Air France, which is headed by Mr Jacques Friedman, currently owns 24.96 per cent and is now negotiating to buy an additional 12 per cent block of Air Inter shares from the French national railways, SNCF.

For his part, Mr Pierre Eelsen, the chairman of Air Inter, came out yesterday strongly in favour of Air France increasing its stake in the domestic carrier to block UTA's efforts to gain a more substantial foothold.

Mr Eelsen argued that Air France was the natural partner for his company, which has ambitions to develop in Europe. He said he had no intention of working with UTA, explaining that UTA did not operate in Europe and that he could not see what advantage could be gained from a "fratricide struggle" with Air France.

The manoeuvres over Air Inter are the latest episode in the developing battle between the country's airline companies as a result of increasing deregulation.

Oce shows 14% profits decline in third quarter

BY LAURA RAUN IN AMSTERDAM

OCE-VAN DER GRINTEN, the Dutch photocopier maker, reports a 14 per cent fall in third-quarter earnings to Fl 16.6m ($8m) and forecasts that profits will fall by between 5 per cent and 10 per cent for the whole year ending November 1987.

The stronger guilder and the sale of Oce-Andeno, which is involved in specialty chemicals, were blamed for the decline in the quarter and for the weakening performance throughout the first nine months.

Oce sells copying machines for business and design engineering offices plus office automation equipment in 90 countries worldwide and is especially vulnerable to the volatility of the dollar.

Oce, which earned net profits of Fl 84.1m in 1985-86, has taken measures to improve the efficiency and effectiveness of its organisation so as to respond adequately to developments. Efforts in the field of product marketing are continuing unabated, the company said.

Turnover was flat at Fl 444.4m in the third quarter, compared with the year-earlier Fl 445.8m. Business office copier turnover rose 5 per cent on good sales of new copiers introduced last year for the higher-volume segment of the market.

Flanked by a number of heavyweight competitors, Oce has carved out only a fraction of the business of the world copier market but commands one-fifth of the design-engineering copier market.

For the first nine months, net income slipped by 3 per cent to Fl 56.1m from Fl 57.9m a year earlier. Turnover declined 4 per cent to Fl 1.33bn from Fl 1.39bn. An unchanged interim dividend of Fl 4.50 per share is proposed.

Holmen income 73% up

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

HOLMEN, the Swedish pulp and paper group and Europe's biggest newsprint producer, increased its profits (after financial items and minority interests) by 73 per cent in the first eight months of the year to SKr350m ($54m) from SKr202m a year earlier.

The group forecast that profits for the full year would rise by around 48 per cent to SKr550m from SKr371m in 1986. Group turnover in the first eight months rose by 10.8 per cent to SKr4.457bn.

Holmen, in which the rival Swedish forest products group, MoDo, this week bought a contested 30.5 per cent voting stake, said the biggest boost to profits had come from its printing paper operations.

Mr Matts Carlgren, chairman of MoDo, was yesterday elected temporarily to the Holmen board. MoDo and its affiliate Iggesund now control 46.6 per cent of the votes in Holmen, and a new meeting of Holmen shareholders is to be called for November 3, to appoint a new board.

In continental Europe prices were largely unchanged in local currencies, but exchange rate fluctuations had increased Holmen earnings in Swedish kronor.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY-Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1980=100); retail sales value (1980=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value	Unemployed	Vacs.
1986							
1st qtr.	109.1	102.8	97	119.2	148.8	3,171	184.5
2nd qtr.	109.9	104.2	97	121.2	154.6	3,203	175.6
3rd qtr.	111.0	105.2	96	122.7	158.7	3,202	200.2
4th qtr.	111.1	107.5	95	126.5	194.2	3,141	213.9
1987							
1st qtr.	112.2	107.7	94	125.4	157.0	3,072	210.4
2nd qtr	112.9	109.7	92	129.3	160.6	2,965	226.1
February	112.7	108.4	95	127.0	154.5	3,095	207.1
March	113.1	108.7	94	125.5	157.8	3,040	210.5
April	112.9	109.2	93	130.0	160.0	3,018	212.9
May	113.8	109.3	92	125.4	161.2	2,983	221.2
June	112.3	109.5	92	128.4	167.5	2,925	232.5
July	114.8	111.6	92	131.2	173.7	2,876	234.9
Aug.				132.5	178.5	2,833	237.5

OUTPUT-By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consmer goods	Invest goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1986							
1st qtr.	103.9	101.4	114.9	101.5	108.8	103.1	14.6
2nd qtr.	105.3	101.7	115.8	103.0	110.2	104.5	19.5
3rd qtr.	106.4	101.7	117.4	102.6	109.2	103.3	18.4
4th qtr.	108.4	103.4	115.1	105.6	116.0	104.7	15.5
1987							
1st qtr.	107.8	103.9	118.1	106.2	114.7	102.4	17.4
2nd qtr	110.2	105.3	117.9	107.7	120.5	104.3	19.5
January	106.9	102.3	116.5	105.0	107.8	103.0	12.7
February	108.5	103.8	118.3	108.0	121.0	107.0	18.8
March	108.0	105.7	119.6	108.0	116.0	105.8	20.8
April	110.0	105.1	117.9	107.6	117.0	105.0	18.1
May	110.6	105.0	119.2	108.0	121.8	104.0	20.4
June	109.9	105.5	116.4	108.0	125.0	104.0	20.1
July	111.8	107.5	119.4	110.6	121.9	106.9	20.5
Aug.							18.1

EXTERNAL TRADE-Indices of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1986							
1st qtr.	117.5	124.9	-1,227	+882	+1,890	101.0	18.75
2nd qtr.	121.9	129.1	-1,808	+145	+765	102.5	19.30
3rd qtr.	122.6	139.0	-2,881	-810	+621	103.2	22.43
4th qtr.	130.5	144.0	-2,725	-960	+785	100.9	21.92
1987							
1st qtr.	130.0	133.2	-1,135	+672	+1,164	100.5	27.84
2nd qtr	128.3	140.7	-2,361	-174	+1,032	102.7	34.26
February	138.4	138.0	-302	+401	+325	100.4	22.33
March	126.9	130.2	-417	+183	+454	100.5	27.04
April	131.4	138.6	-626	+203	+423	102.3	29.81
May	122.9	144.3	-1,606	-367	+365	103.5	34.08
June	123.5	139.1	-740	-11	+345	104.4	34.26
July	131.3	147.6	-910	-816	+284	103.1	34.91
Aug.	128.4	154.9	-1,529	-929	+374	103.6	34.86
Sept.							34.51

FINANCIAL-Money supply M0, M1 and M3 (three months' growth at annual rate); bank sterling lending to private sector; building societies' net inflow; consumer credit†; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit† £m	Base rate %
1986							
1st qtr.	4.1	21.4	19.3	+6,293	2,220	+885	11.50
2nd qtr.	3.1	25.5	27.3	+6,455	1,433	+246	10.00
3rd qtr.	5.9	30.2	15.4	+6,985	168	+792	10.00
4th qtr.	7.6	15.3	14.1	+10,516	2,814	+464	11.00
1987							
1st qtr.	1.2	20.6	20.2	+6,087	1,465	+858	10.00
2nd qtr	2.3	22.7	20.3	+8,657	1,304	+1,033	9.00
February	6.1	10.9	17.3	+2,878	472	+236	11.00
March	-3.8	33.8	20.4	+7,082	547	+300	10.00
April	0.1	20.9	33.6	+1,971	727	+418	9.50
May	5.5	37.6	32.2	+2,752	821	+294	9.00
June	4.5	30.8	21.9	+2,934	556	+329	9.00
July	7.7	34.5	24.2	+4,882	247	+225	9.00
Aug.	7.1	22.5	21.0	+1,961	687		10.00
Sept.							10.00

INFLATION-Indices of earnings (Jan 1980=100); basic materials and fuels; wholesale prices of manufactured products (1980=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931 =100); trade weighted value of sterling (1975=100)

	Earnings*	Basic matls.*	Whosale. mnfg.*	RPI*	Foods	Reuters* cmdty.	Sterling
1986							
1st qtr.	179.1	132.4	142.3	96.5	96.9	1,835	78.1
2nd qtr.	184.0	125.2	145.7	97.8	98.7	1,714	76.1
3rd qtr.	187.4	120.8	146.3	97.9	98.3	1,464	71.9
4th qtr.	191.0	127.4	147.4	99.1	98.3	1,506	68.2
1987							
1st qtr.	192.0	129.8	149.3	100.2	100.5	1,590	69.9
2nd qtr	196.0	128.7	150.3	101.9	101.8	1,586	72.2
January	190.4	131.7	148.9	100.0	100.0	1,603	68.8
February	191.3	129.8	149.2	100.4	100.7	1,591	69.0
March	194.5	128.2	149.7	100.6	100.7	1,538	71.9
April	195.9	128.4	150.5	101.8	101.8	1,534	72.4
May	198.1	128.0	151.0	101.9	102.2	1,613	72.2
June	200.0	129.7	151.1	101.9	101.6	1,629	72.5
July	203.1	130.5	151.2	101.8	100.4	1,632	72.8
Aug.		131.5	151.6	102.1	100.7	1,655	72.5
Sept.						1,653	72.1

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

هكذا من الأصل

Consolidated-Bathurst Inc.

NOTICE OF PARTIAL REDEMPTION FOR MANDATORY SINKING FUND
TO THE HOLDERS OF 17½% SERIES I DEBENTURES DUE NOVEMBER 15, 1988

NOTICE IS HEREBY GIVEN pursuant to the mandatory sinking fund provisions relating to the 17½% Series I Debentures due November 15, 1988 (the "Series I Debentures") of Consolidated-Bathurst Inc., that the following Series I Debentures, in the aggregate principal amount of U.S.$10,000,000 in coupon bearer form in the denomination of U.S.$1,000 each and bearing the following distinguishing numbers, namely:

[illegible]

(the "Called Series I Debentures")

have been selected by lot by Montreal Trust Company and are hereby called for redemption for sinking fund purposes only on November 15, 1987. Each Called Series I Debenture will be redeemed on November 15, 1987 in lawful money of United States of America at the principal amount of U.S.$1,000 and payment thereof will be made to the holder thereof upon presentation and surrender thereof (together with all unmatured coupons appertaining thereto), at the option of the holder, at any of the following paying agents:

Orion Royal Bank Limited
1, London Wall,
London EC2Y 5JX
(Principal Paying Agent)

Dresdner Bank AG,
Jürgen-Ponto-Platz 1,
6000 Frankfurt/Main 1,
Federal Republic of Germany

Compagnie Luxembourgeoise de la Dresdner Bank AG – Dresdner Bank International
26 rue du Marché-aux-Herbes,
1728 Luxembourg

Kredietbank N.V.
Arenbergstratt 7,
B-1000 Bruxelles, Belgium

Morgan Guaranty Trust Company of New York
Morgan House,
1 Angel Court,
London EC2R 7AE

The Royal Bank and Trust Company
68 William Street
New York, N.Y. 10005,
United States of America

Union Bank of Switzerland
Bahnhofstrasse, 45,
CH-8021
Zurich, Switzerland

Coupons maturing on November 15, 1987 should be detached and presented in the usual way. Interest on the Called Series I Debentures will cease to accrue from and after November 15, 1987.

DATED This 8th October, 1987.
***by* CONSOLIDATED-BATHURST INC.**
E. C. Robichaud, Secretary

ORION ROYAL BANK LIMITED
A member of The Royal Bank of Canada Group

INTERNATIONAL CAPITAL MARKETS & COMPANIES

Three-part A$1bn issue by Bell

BY ALEXANDER NICOLL, EUROMARKETS EDITOR

BELL RESOURCES, which groups the mining and energy interests of Mr Robert Holmes a Court's Bell Group, yesterday made a three-tranche Eurobond issue worth a total of just over A$1bn. The bonds are convertible into shares of Broken Hill Proprietary, in which Bell has a 28 per cent stake.

The move, which the market had anticipated, has fed renewed speculation about Mr Holmes a Court's intentions towards BHP, for which he bid last year, as well as towards other companies in which he has a stake, such as Willis Faber, the UK insurance group.

There has been speculation that the latter might be an avenue for the purchase of Morgan Grenfell, in which Willis has a holding of about 20 per cent.

The most common view yesterday among Australian stockbrokers in London and in the Eurobond market, however, was that the fundraising represented the arrangement of cheaper financing for Bell Resources' shareholdings, which also include 10 per cent of Texaco, the US oil major whose financial position has been weakened by its running litigation with Pennzoil.

According to this view, the deal indicated neither a potential divestment of BHP shares nor the building of a war-chest for acquisitions.

The largest portion of the issue - all of which was led by Merrill Lynch Capital Markets - was in dollars, at $575m, and the other tranches were A$150m and £50m. All were for 10 years, have a conversion premium indicated at 18 to 22 per cent and carry the option for the holder to put the bonds back to the issuer to get yields equivalent to government bonds in the relevant currency.

The dollar tranche, with an indicated coupon of 5¼ to 5½ per cent, has a put after six years. The Australian dollar portion has a coupon of 7¾ to 8 per cent and a put after five years, and the sterling bonds have a 4¾ to 5 per cent coupon and a put after five years.

The market view was that the bonds were sensibly priced. The large size of the dollar issue meant that it would take longer than the others to digest, but it was traded at discounts less than its fees and Merrill was said to be handling the issue well.

The bond issue, stockbrokers noted, did not necessarily imply that Mr Holmes a Court would have to sell BHP shares to converting bondholders, since Bell Resources retains the option to pay out the equivalent amount in cash instead of supplying shares.

The deal is similar to others which have been convertible into the shares of other companies. Both Associated Newspapers and News Corporation have issued bonds convertible into Reuters shares, and General Cinema into the shares of Cadbury Schweppes.

The exact structure, however, is not finalised because Bell is to make a proposal to the Australian tax authorities. They recently ruled that interest costs on a convertible bond are not tax deductible.

If the tax authorities agree, Bell plans to issue two bonds at once: a straight bond, and a detachable exchange bond which will be 1 cent paid and will represent the conversion rights. Merrill has structured the issue to discourage bondholders from separating the two. In the event of a forced conversion during the first year, bondholders will receive accrued interest as well as dividends.

BHP shares eased in London yesterday to A$10.24/32 from the previous close of A$10.50/60 and Sydney's finish yesterday of A$10.30/35.

Credit Lyonnais fills Eurosterling gap

BY OUR EUROMARKETS EDITOR

DOLLAR BOND markets yesterday took in their stride a rise in US bank prime rates from 8¾ to 9¼ per cent, with the Eurodollar bond market retaining its small gains after the news as it awaited the outcome of yesterday's seven-year Treasury note auction.

The new issue market, dominated by the Bell Resources package, saw a smattering of other issues in various currencies.

Credit Lyonnais made the first straight Eurosterling issue for several weeks, designed to meet what was seen as a shortage of paper in the new issue market. The £75m five-year issue, led by Kleinwort Benson, was believed to be intended to help fund Alexanders Laing and Cruickshank, the UK broking group just acquired following the takeover of Mercantile House.

The issue was priced at 101⅛ with a coupon of 10½ per cent to give a yield of about 20 basis points above equivalent gilts at launch. It was bid at a discount equal to the fees, and was aided by a stronger Eurosterling market.

In West Germany, Lindt und Spruengli, the Swiss chocolate maker, made a DM100m bond issue with equity warrants led by CSFB-Effectenbank. It also made a SFr40m domestic issue. The German seven-year bonds carry a 3¼ per cent coupon and a conversion premium of 22 to 23 per cent. It was bid at 104.

The German market saw five-year bank bond yields rising slightly after the announcement of a DM7.3bn repurchase tender at 3.75 per cent, 10 basis points up on the previous such operation. D-Mark Eurobonds were slightly lower although the firmer New York market helped them to recover from the day's lows.

Swiss bond prices closed up to half a point lower in small volume. Wacker Chemical, a Dutch subsidiary of a German company, made two issues totalling SFr90m led by Swiss Bank Corporation. A public SFr50m 10-year 5¼ per cent issue was priced at par, and a private SFr40m seven-year deal was priced at par with a 5 per cent coupon.

The Spanish market is to see its third "matador" bond, a Pta10bn eight-year issue for the European Community. The issue, to be led by Banco Industrial de Bilbao, must await formal clearance by the Spanish Finance Ministry. The issue will be priced at par with a 12⅝ per cent coupon.

In the dollar sector, Korakuen, a Japanese leisure company, made a $50m five-year issue with equity warrants, with an indicated coupon of 3¼ per cent, led by Yamaichi International. A $70m issue for Nippon Paint had its coupon cut from 3½ to 3⅜ per cent. A $50m convertible for Facet Enterprises had its coupon fixed at 7 per cent and conversion premium at 21.3 per cent.

An issue for National Westminster Bank was increased from A$50m to A$70m by County NatWest.

● Merrill Lynch Capital Markets did not join the group for the IMI issue, as was incorrectly reported in yesterday's FT.

CRH sterling programme

CRH, THE Dublin-based building materials group formerly known as Cement Roadstone, is to have a £100m sterling commercial paper programme as well as a £100m multiple-option facility, writes our Euromarkets Editor

Mr Harry Sheridan, general manager for finance, said the package would provide the company's UK operations, which will have a turnover of about £220m this year, with cheaper funding than previous banking arrangements.

County NatWest is arranging the commercial paper programme, and Bank of America International the facility supporting the programme.

BfG in Euro Japan stake

BANK fuer Gemeinwirtschaft has acquired a 20 per cent stake in Euro Japan Corporation, a Japanese portfolio management firm, as a first step into the Japanese financial market, Reuter reports from Frankfurt.

BfG said both firms would offer international portfolio management to investors. Euro Japan currently manages portfolios worth around DM1.25bn.

The acquisition fits into BfG's strategy of expanding its securities business and activities abroad and will allow its clients to invest in Japan through Euro Japan, while Japanese customers will be able to use BfG's facilities.

Japanese companies shy away from stocks

ONE OF THE main sources of Japanese money pumping into stock and bond markets in Japan and overseas for the past two years is starting to dry up, Reuter reports from Tokyo.

Trust bank executives in Tokyo say that Japanese companies and financial institutions, which have been large net buyers through special money trusts (tokkin) and fund trusts, have slowed their purchases or started withdrawing money.

"Potential investors are staying away and previous investors are shifting their money out of the funds when contracts expire," one banker said.

Trust bankers said final figures for September have yet to be compiled, but outstanding assets of both tokkin and trust funds fell during the month and the trend is likely to continue this month.

At the end of March 1986, the money in tokkin and fund trusts totalled about Y10,700bn. The total more than doubled to Y22,500bn by March this year, one securities analyst said.

As of June this year, 28.5 per cent of their investments were in domestic bonds, 28.8 per cent in foreign stocks and bonds, and 37.1 per cent in domestic stocks.

Tokkin are trust accounts in which investors decide where the money will be invested, while fund trusts are accounts managed by trust bank managers.

Financial institutions have been especially reluctant to put more money into tokkin and fund trusts because of new accounting rules introduced in April.

Under the new rules, financial institutions must now account for losses in tokkin and fund trust investments when stock or bond prices fall below acquisition costs. Previously their investments were assessed only at purchase price regardless of market performance, allowing them to conceal losses.

Financial institutions now fear they may have to realise book losses following a substantial decline in the bond markets and because of uncertainty about the outlook for both stocks and bonds.

The shock of an estimated Y28bn loss by Tateho Chemical Industries from yen bond trading has also encouraged caution.

France to offer CAECL stake to investors

THE FRENCH finance ministry is to sell off part of Caisse d'Aide a l'Equipement des Collectivites Locales (CAECL) the local authority funding agency, to institutional investors, Reuter reports from Paris.

The disposal, which will take place after conversion of the state-owned agency's statute to that of limited company, would leave the agency under the control of the state. Institutional investors would take a 44 per cent stake in the new company, to be called Credit Local de France.

The transfer of capital to the new investors will not take place until the national privatisation commission has approved the procedure and set the price, the ministry's statement said.

Caisse de Depots et de Consignations, the state-owned central savings and investment body, will also take a stake in the new company.

Marine Midland move

By Our Financial Staff

MARINE MIDLAND Bank of the US is to integrate its London branch operations with those of its parent, the Hongkong and Shanghai Banking Corporation by the end of this year. Last year, Marine's London branch began to concentrate mainly on capital market activities.

Mr Richard Keller, Marine's executive for capital markets, said the move reflects the increasing coordination of Marine's international capital markets activities with those of Hongkong and Shanghai, and Marine's withdrawal from most lending activities outside the western hemisphere.

BP plays down Italian link

BP CHEMICALS said yesterday there was no immediate prospect of resuming talks with Enichem, the Italian state chemicals company, on a possible polyethylene joint venture, Our Milan Correspondent writes.

The BP denial of a resumption of talks followed the claim by an Italian official that plans existed for such talks to restart.

In a statement in London yesterday, BP Chemicals confirmed that it had held talks earlier this year with a number of European polyethylene producers, including Enichem, but said that these talks had ceased.

Swiss come round to grey market in bonds

BY CLARE PEARSON

THE ZURICH stock exchange has announced that it will meet on October 22 to consider a proposal to allow trading in public bonds before the end of public subscription, or "grey market" trading.

The move is seen as a new stage in the liberalisation of the Swiss market - but one which also raises new dilemmas for the banks which run the market's biggest bond issuing syndicate.

If the measure goes through, Zurich - Switzerland's main business centre - will be overthrowing a prohibition which has been in effect since 1912 and bringing Swiss franc public bond trading more closely into line with the free-wheeling Eurobond market.

The Swiss Finance Ministry is reported to have indicated its support for the development of such a grey market by saying it would not levy stamp tax on bonds traded before their payment date.

But the Zurich stock exchange's proposal, which would have to be passed by the cantonal authorities, is thought to come mainly in response to the threat of loss of business to other cantons, notably Geneva, where a grey market has become established over the last few years.

The effectiveness of the liberalisation, if it goes through, will hinge crucially on the attitude of the big three Swiss banks - Union Bank of Switzerland, Credit Suisse, and Swiss Bank Corporation - which control the main syndicate in the market because of their ability to place issues with end investors.

Unlike the foreign banks and others, they have so far resisted participating in the grey market, which was pioneered in Switzerland by two US banks, Chemical and Citicorp. Operating from Zurich, they have been booking the trades through offices in Geneva, which is free of the prohibition.

"The grey market has become a fait accompli," said one foreign banker yesterday. However, the big three banks have so far felt it inappropriate to participate.

"Given our key role in the market, we have felt a responsibility to be seen to maintain price discipline in public bond issues," said an executive at one of the banks yesterday.

However, two of the banks, Credit Suisse and Swiss Bank Corporation, are believed to be in favour of the removal of the prohibition on trading during the offering period, which usually lasts for around 10 days.

Bankers see an abolition of Zurich's prohibition as a long overdue response to the modern-day realities of trading in the international debt markets, where the volatility of prices makes it unduly risky to force underwriters to trade in bonds at fixed levels during the protracted offering period.

It is also argued that the volatility of markets also makes the grey market advantageous for the retail investor who still dominates the Swiss bond market. This is because it is now easy for him to obtain grey price levels during the offering period, and so detect when a bond is mispriced.

However, in order for the grey market to acquire depth, and so minimise misleading professional price manipulation, the big three Swiss banks would need to back it.

This brings into relief a question which increasingly preoccupies Swiss bankers - whether the three big Swiss banks will continue to stand together in the market. Recently, their virtual cartel has been showing increasing signs of strain.

Before they could take advantage of any liberalisation allowing a grey market, they would have to relax the rigid commission structures they operate for their foreign bond issues.

At the moment, the big three are still maintaining rules which disallow bonds from being sold at discounts lower than that representing the reallowance or selling concession, even though this convention of the Swiss Banking Association was abolished for foreign bond issues early this year.

Unless they too can agree to abandon the convention, they will be effectively precluded from trading foreign bond issues in the grey market, since bonds are often quoted there at substantial discounts.

The big three have been reviewing their commission structures for the last few months, but discussions appear to be tortuous. However, it is thought that Credit Suisse in particular, which has been acting increasingly independently of the other two banks, may favour a far-reaching relaxation of the rules.

The discussions are taken as further signs of a relaxation of the big three's cartel in the foreign bond market. Indeed, Dr Markus Lusser, vice president of the Swiss National Bank, predicted in August that the 40-year old agreement among the big three lead-managers might break down altogether.

Liffe launches sterling futures

BY OUR EUROMARKETS EDITOR

THE LONDON International Financial Futures Exchange has set a launch date of November 5 for options on its three-month sterling interest rate futures.

The addition will mean that Liffe will trade options on all its most important futures contracts except for the recently launched Japanese government bond futures.

Other new contracts in the pipeline are futures on medium-term gilt-edged securities, due to be launched around the end of the year

● Members of the Chicago Mercantile Exchange have voted by a ratio of nine to one to approve the exchange's agreement with Reuter, the UK-based information group, under which trading in CME contracts will be conducted on a Reuter system during the hours that the CME is closed.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on October 7

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	90⅛	90⅝	+0⅛	+0¼	10.32
All Nippon Air 9⅝ 97	100	90¾	91¼	+0¼	+0½	10.90
American Brands 8⅞ 92	150	94½	95	+0¼	0	10.30
A/S Eksportfinans 7⅞ 93	100	87½	88⅛	+0¼	-0½	10.48
A/S Eksportfinans 7¼ 92	150	89¼	89½	-0⅛	+0⅛	10.46
Belgium 9½ 92	400	96⅛	96⅝	+2⅛	+2⅛	10.09
British Telecom 7⅞ 96	250	82¼	82⅝	-0⅛	0	10.76
British Telecom 8⅞ 94	150	92⅛	92⅞	0	-0⅛	10.42
Campbell Soup 10½ 95	100	100½	101	+0¼	-0¼	10.35
Canada 9 96	1000	92⅞	93⅛	+0¼	0	10.24
Canadian Pac 10¼ 93	100	101⅛	101⅝	-0¼	-0⅝	10.36
C.C.C.E 7⅞ 91	113	90¾	91¼	+0¼	-0⅛	9.93
C.N.C.A 7¾ 91	150	89⅞	90⅜	-0⅛	-0⅝	10.24
Coca-Cola Ent. 8¼ 90	100	97¼	97⅝	+0⅛	+0⅛	9.34
Credit Lyonnais 9 91	200	97¼	97⅝	+0¼	+0¼	9.86
Credit National 7⅞ 92	100	90⅛	90⅝	0	-0⅛	10.02
Credit National 7¾ 91	150	90⅞	91⅜	+0¼	-0¼	9.92
Denmark 7¼ 92	500	88	88⅜	-0⅞	-1½	10.61
Denmark 8¼ 91	300	94¾	95¼	+0¼	-0⅝	9.88
E.E.C 7 91	100	90½	91	+0⅛	-0¼	9.80
E.E.C. 7¾ 93	250	88⅛	88⅝	+0¼	-0¼	10.09
E.E.C 8¼ 96	100	87⅜	87⅞	+0⅛	-0¼	10.47
E.I.B. 7⅝ 93	100	88¼	88¾	+0¼	+0⅛	10.21
E.I.B. 9½ 97	150	92⅜	92⅞	+0⅜	+0½	10.61
Finland 7⅞ 97	200	83⅛	83⅝	+0¼	+0⅛	10.72
Finland 7½ 93	200	88¼	88¾	+0⅛	-0¼	10.17
Ford Motor Cred 11⅛ 90	100	103¼	103¾	+0¼	0	9.59
Gen Elec Credit 10¼ 00	200	100⅞	101⅜	-0⅛	-0⅛	10.09
G.M.A.C. 8¼ 89	200	98⅝	99	-0⅛	-0¼	9.09
Hoesch 8¼ 97	100	85⅞	86⅜	+0⅛	+0¼	10.65
Hoesch 7⅞ 92	100	92⅝	93⅛	+0⅛	+0⅛	9.38
Hoesch 7⅞ 94	300	88¾	89¼	-0⅛	-0⅛	10.26
Liberty Mutual 8½ 96	150	87⅝	88⅛	-0⅛	-0⅛	10.66
L.T.C.B of Japan 8 91	100	93⅛	93⅝	+0⅛	0	10.10
L.T.C.B. of Japan 8 97	200	82⅞	83⅜	0	-0¼	10.97
Merc-Benz Cred 7½ 95	100	90⅛	90⅝	-0⅛	0	9.69
Merc-Benz Cred 8¼ 92	100	96	96½	0	0	9.25
Mitsubishi Fin. 7⅞ 93	100	87⅛	87⅝	+0¼	-0¼	10.76
Mutual America 7⅞ 92	100	†90¾	91¼	+0⅛	0	10.32
Norway 7¼ 91	500	92¼	92¾	+0¼	+0⅛	9.65
Pepsico Inc 7⅞ 93	200	88⅛	88⅝	+0⅛	+0⅛	10.18
Prudential Crp. 8⅞ 94	125	91⅞	92⅛	+0⅛	-0⅛	10.44
Qantas Airways 10⅜ 95	140	97⅞	98⅜	+0⅛	+0¼	10.72
Republic of Italy 9 90	100	†98½	99	+0¼	+0¼	9.50
Saab Scania 9½ 93	125	99⅛	99⅝	+0⅛	+0⅛	9.64
Saskatchewan 10¼ 92	100	102	102½	+0¼	-0¼	10.06
State Bk S Aust 9¼ 93	100	94⅞	95⅛	+0⅛	0	10.46
Swedish Expt.Crd.7¼ 91	100	†92	92½	-0⅛	-0⅛	9.56
Swed Exp Cred 10 92	100	100⅝	100⅞	+0⅛	-0¼	9.87
Sweden 7 91	250	91	91½	0	-0⅛	9.74
Sweden 7 92	250	90⅛	90½	+0⅛	0	9.84
Sweden 8¼ 96	200	90⅛	90⅝	+0⅛	+0¼	10.50
Sweden 8½ 92	200	94½	95	+0¼	-0⅛	9.90
Taiyo Finance 7⅞ 94	100	86½	86⅞	+0⅛	+0⅛	10.82
Toyota Motor Cred 8 89	100	†97½	98	0	0	9.43
Toyota Mtr.Cred.7⅛ 92	150	90	90½	+0¼	+0¼	10.00
Victorian Rep 11⅝ 92	150	104⅛	104⅝	+0⅛	-0⅛	10.27
World Bank 7 92	300	89⅝	90⅛	-0⅛	-0⅛	9.98
World Bank 9 97	300	90½	91	+0⅛	-0½	10.54
Yasuda Trust Fin 8½ 93	100	91¼	91⅝	+0⅛	+0¼	10.50

Average price change... On day +0⅛ on week 0

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 4⅞ 94	45	90½	91	+0⅛	-0¼	6.37
E.I.B 4⅞ 94	40	90⅝	91	+0⅛	-0¼	6.36
Elec. De France 5⅞ 94	20	93¼	94⅛	+0⅛	+0¼	6.27
Kansai Electric 4⅞ 94	60	91½	92⅜	0	0	6.21
Norway 4¼ 92	60	92⅝	92⅞	+0⅛	-0⅛	6.22
S.N.C.F. 4⅞ 93	20	93⅞	94⅛	+0¼	+0⅛	6.15
Sweden 5⅛ 95	20	95½	96⅛	+0⅛	+0¼	6.32

Average price change... On day +0⅛ on week 0

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
A/B Electrolux 14½ 90 A$	50	102½	103⅛	+0⅛	+0⅛	12.78
American Brand 9½ 94 £	50	94⅛	94⅝	-0⅛	-0½	10.72
American Express OC.10 94	40	96⅝	97⅛	0	0	10.66
Bergen Bank 15 90 A$	50	†101⅞	102⅜	+0¼	-1⅞	13.77
BP Capital 13¼ 92 A$	75	103⅜	103⅞	+0¼	0	12.66
Chrysler Crp 10 91 C$	75	97¼	97¾	0	0	10.09
C.O.E. 8⅞ 95 LF	600	104⅛	105⅛	+0⅛	0	8.02
Creditanstalt 14½ 90	60	102½	103	+0⅛	0	12.77
Denmark 7¾ 92 ECU	100	97⅞	98⅜	-0¼	0	8.27
DG Fin. Co. 13¾ 90 A$	50	102¾	103¼	+0¼	+0¼	12.44
DG Fin. Co. 14 90 A$	75	103¼	103¾	+0⅛	-0⅞	12.43
DG Finance 14½ 92 A$	50	106⅛	106⅝	+0⅛	-0¼	12.36
Deutsche Bank 9⅞ 97 £	75	95	95½	-0⅛	+0⅛	10.67
Deutsche Bk.14¼ 92 A$	100	†106¼	106¾	+0⅛	0	12.20
Dresdner fin.13⅞ 91 A$	100	†103½	104	+0⅛	0	12.46
E.I.B 7⅞ 91 ECU	100	97	97½	-0½	-0½	8.16
E.I.B 8⅞ 93 LF	1000	102¾	103¾	-0⅛	-0⅛	7.84
Euratom 7⅞ 97 ECU	145	88½	89	+0⅛	+0⅛	9.18
Finland 6 91 FL	100	98⅞	99⅜	+0⅛	+0¼	6.24
G.M.A.C. 9 92 £	50	94⅞	95⅜	0	+0⅞	10.34
G.M.A.C. 9¼ 92 C$	75	96⅛	96⅝	0	-0⅞	10.24
G.M.A.C Aus.Fin.14 90 A$	50	101¾	102¼	+0⅛	-0⅞	13.03
Halifax BS 10⅞ 97 £	100	95½	96⅛	-0¼	+0¼	11.10
Helaba Fin. 13⅞ 96 A$	75	102⅞	103⅜	+0⅛	0	12.78
Imp Chem Inds 10 03 £	100	93	93½	-0⅛	+0½	10.92
Inv.in Ind.Intl 10 93 £	60	97⅛	97⅝	0	+0¼	10.62
Land Securities 9½ 07£	200	†82	82½	-0¼	0	11.65
Leeds B.S 10½ 91 £	50	98½	99	+0⅛	-0¼	10.90
Mort.Bk.Denmark 6 91 FL	150	97⅞	98⅛	0	+0¼	4.56
Nat.Australia 14 92 A$	50	†101⅝	102⅛	+0⅛	-0⅛	8.25
Nationwide BS 10⅛ 93 £	75	96½	97⅛	-0⅛	0	10.81
New Zealand 7¾ 93 ECU	200	93⅝	94⅛	-0⅛	+0⅛	9.22
Oesters.Ktbk.13⅝ 94 A$	75	101½	102	+0⅛	-0⅛	13.20
Prudential Fin.9⅞ 07 £	150	85¾	86⅛	-0½	+0⅝	11.14
Royal Ins 10⅞ 92 £	60	101¼	101¾	-0⅛	0	10.52
Royal Trustco 10⅞ 90C$	75	98¼	98¾	0	+0¼	10.93
Sainsbury,J 10⅞ 93 £	60	100⅛	100½	-0⅛	+0¼	10.78
S.D.R. 7⅞ 95 ECU	90	92¾	93¼	-0¼	-0⅝	9.07
Trusthouse Forte 11⅛ 90£	50	101	101½	0	0	10.52
Thyssen 7¼ 90 FL	50	102	102½	0	0	6.37
Wessanen 6¾ 90 FL	50	101⅝	102⅛	0	+0⅛	6.04
World Bank 11¼ 95 £	100	102¾	103¼	-0⅛	+0¼	10.63
World Bank 13⅞ 92 A$	100	101⅝	102⅛	+0⅛	0	12.79

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alberta 3 93	.0312	100.04	100.14	11/06	6.34
Alliance & Leic.Bld 94 £	.08	99.06	99.11	20/04	9.89
Belgium 91	0	99.79	99.89	19/02	6.89
Britannia 5 93 £	0⅛	99.63	99.68	8/04	10.06
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

Tony Walker on financial problems facing foreign institutions

Chill winds blow for banks in Egypt

FOREIGN BANKS in Egypt are being forced into further staff retrenchments and some are considering closing their doors altogether because of the continuing difficult business environment.

Foreign bankers say an anticipated lift in economic activity has not materialised following Egypt's successful conclusion earlier this year of an agreement with the International Monetary Fund which opened the way for a rescheduling of some of its foreign debt.

Bankers complain of a deepening recession. Representatives of foreign currency branches - those authorised to deal only in foreign exchange - say their business is down by as much as 50 per cent. Several foreign currency branches are understood to be reviewing their presence in Egypt.

The 18 offshore banks in active operation have been hit hard by foreign exchange regulations introduced this year that have made it virtually impossible for their clients to secure funds to repay hard currency loans.

Action taken by the authorities against black market traders has closed off the main source of foreign exchange for the private sector. Businessmen are not able to secure funds from the banking system to settle debts outstanding at the time the new foreign exchange regulations were introduced in May.

Bankers estimate that Egyptian private sector foreign currency debt stands at about $3bn. Pressures are building on the authorities to facilitate a rescheduling of this debt. In the meantime, most foreign currency branches and some joint venture banks are rationalising their operations in Egypt. While it is unlikely that many will actually close, further retrenchments of staff are certain.

Foreign banks with representative offices, as opposed to branches, are also scaling down their activities. Chemical Bank of the US announced this month it was closing its office. Bankers Trust and Manufacturers Hanover are reducing their representation. Midland Bank of the UK closed its representative office last year.

Chase Manhattan pulled out of a joint venture with National Bank of Egypt earlier this year. Chase was paid about $30m - a little less than book value - for its 49 per cent share of Chase National.

Lloyds of the UK, a foreign currency branch, has in the past six months closed two of its three offices in Egypt. Citibank, another foreign currency branch, is also scaling down.

Representatives of foreign currency branches are highly critical of the authorities which they say seem to have little interest in offering encouragement to foreign banks which they stress are the largest foreign investors in Egypt outside the oil sector.

Bankers report that hard currency flows through the banking system have levelled off after showing an improvement following the partial float of the Egyptian pound in May. The authorities matched pound rates with those available on a previously booming black market.

Tourism receipts are well up as Egypt is undergoing a tourist boom at present, but remittances from workers abroad are not flowing into the system as expected.

The government had hoped that its new, more realistic exchange rate would encourage more expatriate Egyptians to remit funds through the banking system instead of continuing to use unofficial channels. Huge sums of Egyptian pounds smuggled out of the country are traded in the Gulf where tens of thousands of expatriate workers are employed. The government has recently sought to enforce regulations that prevent the import or export of more than E£20 ($9m).

Bankers are critical of recent government attempts to restrict lending. They believe that new stimulus is required to encourage a pick-up in business activity. This should be directed particularly, they say, at the private sector which is expected to contribute 38.7 per cent of new investment under the 1987-92 five-year plan.

Alexanders Laing to take full control of offshoot

BY OUR FINANCIAL STAFF

ALEXANDERS LAING and Cruickshank (ALC), the UK stockbroker which is being acquired by Credit Lyonnais of France, yesterday moved to take full control of May Mellor Laing and Cruickshank, its Australian securities affiliate.

ALC had owned half of the unit and was keen to buy the rest following a liberalisation of brokerage ownership

Its intentions were thrown into jeopardy late last year, however, when the National Companies and Securities Commission, the Australian share market watchdog, denounced as "unacceptable" ALC's role in a share transaction involving Humes, a building products group which was facing a hostile takeover attempt by Mr Garry Carter's Unity-APA group, an ALC client.

The case was settled out of court in March with a prospective loss to ALC, owned by Mercantile House, of up to £9m.($14.6m)

● James Capel, the London stockbroker owned by Hongkong and Shanghai Banking Corporation, said yesterday it had received approval from the South Korean authorities to open a representative office in Seoul.

Black customers to be offered Stanbic shares

BY JIM JONES IN JOHANNESBURG

BLACK CUSTOMERS are to be offered 1m shares in Standard Bank Investment Corp (Stanbic) as part of the divestment from South Africa of the UK's Standard Chartered Bank.

The shares will be privately placed at R18.75 each, as will another 1m units earmarked for the bank's staff and a further 1m reserved for other selected customers.

In the disposal, Liberty Life emerged as the holder of 30 per cent of Stanbic's equity, 20 per cent was held by Old Mutual, 10 per cent each by Rembrandt and Gold Fields of South Africa and 5 per cent by the bank's own pension fund. This left about 3m shares to be sold to other investors as the Banks Act prohibits corporate shareholdings larger than those.

Stanbic's directors say the decision to sell the shares to black customers was taken after discussions with members of the black community. Several other companies including Anglo American, the mining house, and Pick 'n Pay, a leading supermarkets group, are planning employee share ownership schemes.

Many black South Africans mistrust the companies' motives, however. Earlier this year one motor industry union rejected an offer of shares in Samcor, the motor manufacturer jointly owned by Ford and Anglo American. Plans to sell Coca-Cola's former interests to black retailers are bogged down by black mistrust.

Platinum mine launched in Eastern Transvaal

By Our Johannesburg Correspondent

RAND MINES and Vansa Vanadium of South Africa are to raise an initial R144m ($69.8m) from their shareholders to help finance their R530m Rhodium Reefs platinum mine, near the Eastern Transvaal town of Steelpoort, which is designed to produce 140,000 ounces of platinum a year by 1992.

The financing will come through a new company, Barplats Investments, which will own Rhodium Reefs and which will initially be 60 per cent held by Rand Mines and 40 per cent by Vansa. Barplats is to issue 1.16 linked units to its shareholders at R310 each to raise R360m development capital.

Each linked unit comprises 10 Barplats shares and eight 8 per cent unsecured convertible debentures of R20 each.

After the issue Barplats will have 29.14m ordinary shares and 9.3m debentures in issue. Rand Mines will own 58.84 per cent of Barplats.

● Anglo American has confirmed that it is to establish a new gold mine in Namibia. The open cast mine, to be called Navachab, is planned to come into production in October 1989 at a cost of R89m and to process 750,000 tonnes a year of ore at grades of between 2 and 3 grams per tonne.

DBS Land offer oversubscribed

THE DBS Land two-tranche public share offer totalling 285m shares in domestic and international markets has been oversubscribed, Reuter reports from Singapore.

Development Bank of Singapore, its parent, said that at the close of applications on Tuesday, subscriptions for a total 1.5bn shares were received, of which 70.9 per cent were for the Singapore tranche and 29.1 per cent for the international tranche.

DBS Land is to allot 142.5m shares to the public in Singapore and the same number to investors overseas. It floated the shares at S$1.35 each. The 15m shares it reserved for the management and staff were fully subscribed.

DBS Land's share offer was the last of three issues floated recently. A Singatronics issue of 17.5m shares, which closed last week, was 52 times oversubscribed. On Monday, Singapore Reinsurance reported that its public offer of 18m shares was oversubscribed 266.4 times.

Raine in £61m bid for Aberdeen Construction

BY CLAY HARRIS

Raine Industries, the diversified building group, yesterday launched a takeover bid for Aberdeen Construction Group which values the contracting and building materials group at £61m.

The acquisition, recommended by the Aberdeen board and already supported by 37.4 per cent of its shareholders, will expand Raine's contracting activities into southern England and north and north-east Scotland.

The fast-growing Raine, which is also a housebuilder and shopfitter, reported pre-tax profits of £3.77m for the year to June 30, more than double the previous £1.57m, restated for the merger-accounted purchase of Miller Wheeldon.

Aberdeen, meanwhile, unveiled a 38 per cent decline in interim pre-tax profits to £1.01m (£1.65m) and net extraordinary charges of £6.8m resulting from the closure of its civil engineering operations and the write-down of its development property assets.

Raine is offering 245 shares of every 100 of Aberdeen's. With Raine shares down 6p to 150p, its 245-for-100 offer was worth 367.5p, compared with Aberdeen's market price of 353p, up 340p. There is a cash alternative of 350p.

In addition to increasing Raine's geographical spread, the acquisition will also add considerable expertise in inner-city renovation. The Southampton-based operation of Aberdeen's Hall & Tawse subsidiary has been heavily involved in partnership schemes for local authorities and housing associations.

Mr Norman Johnston, Aberdeen's executive director reponsible for contracting, will head the same division in the combined group, which expects annual turnover of £130m.

The deal also signals Raine's belief that the worst is over in the oil-dependent economy in north-east Scotland, where Aberdeen is the leading manufacturer and distributor of concrete building products. It also makes bricks, quarries sand, gravel and granite aggregates and saws and polishes granite blocks.

Despite Aberdeen's £4.19m property writedown and decision to stop all development activities, Mr Peter Parkin, Raine chief executive, said that its expert advice from Scotland indicated there was "still proven demand for good quality development."

Nevertheless, Mr Parkin said: "We are not long-term investors in property."

Govett Strategic Investment Trust will hold nearly 9 per cent of Raine after undertaking to accept the share offer on behalf of its 25.8 per cent holding in Aberdeen. The Govett trust took cash when it sold Raine a 20.3 per cent stake in Tilbury Group last December. Raine sold its Tilbury shares in July for a profit of more than £6m.

Raine's turnover rose by 41.5 per cent to £42.1m (£29.7m restated). Earnings per share more than doubled to 4.5p (2.2p) and the final dividend is increased to 1p (0.605p) to make a total of 1.4p (0.825p).

In Aberdeen's first six months, turnover fell by 8 per cent to £45.3m (£49.4m). Earnings per share fell to 3.75p (6.24p). Because of the Raine offer, there is no interim dividend. It otherwise would have been maintained at 2.4p.

The board said it had taken vigorous action to reduce borrowing, which had reached £26m in July, just after a new chairman and deputy chairman took over. Interest costs absorbed more than half of interim operating profit.

Despite the first-half decline, Aberdeen expected pre-tax profits for the full year to exceed the £3.35m achieved in 1986.

•comment

Raine has picked its target - and its moment - well. Aberdeen had taken all the right steps to retrench, but the borrowing burden promised to be a drag for some time. Even at the new conservative valuation put on Aberdeen's property, the acquisition will increase the asset backing of Raine shares. The eight months of Aberdeen which Raine will take into the current year should lift the pre-tax total to £11m, where the prospective p/e still floats above 24, where Govett seems to find the shares more attractive than they were 10 months ago at half the price.

Southend Stadium £39m rights

Southend Stadium, now a property investment and development company, yesterday revealed pre-tax profits up from £64,364 to £302,876 and details of a proposed £39m rights issue.An interim dividend has also been introduced with the payment of 0.1p per 5p ordinary.

The rights issue is of 39,876,191 5½ per cent convertible preference £1 shares on the basis of of 5 preference shares at £1 each for every 6 ordinary, but not preferred ordinary, shares held on October 21. The new preference shares may be converted into ordinary shares in any of the years 1990 - 2015 inclusive at an effective price of 260p per share.

Proceeds of the issue are to be used to substantially reduce bank borrowings, used to acquire a substantial number of properties over the past year,whilst at the same time increasing the capital base, and should facilitate the borrowing of further funds, when required, for new acquisitions.

Total turnover in the first six months increased from £301,000 to £1.47m with rents receivable jumping from £68,887 to £643,725, sales of dealing properties up from £209,926 to £599,896 and sales of investment properies from £22,500 to £228,906.

Earnings per share worked through at 0.55p (0.15p) after tax of £44,253 (£22,226) and adjusting for July's four-for-one scrip issue. Mr Malcolm Dagul, chairman, said he believed prospects for the future of the company were very encouraging that it was well placed to continue its growth and expansion.

TIP-Europe to join SE to finance expansion

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

The TIP-Europe trailer rental group, which was purchased by a management buy-out consortium for £60m 15 months ago, is planning a Stock Market flotation to finance expansion.

The flotation is expected to be by way of an offer for sale to raise at least £25m. Details will be announced next week, and the offer should take place within the next two months. The company, which is the biggest operator in the fast-growing European trailer rental market, is understood to have improved its performance rapidly since it was sold by Gelco, the US container leasing and transport group.

The company's unpublished results are believed to show pre-tax profits up by more than 50 per cent to around £7m for the year to July 31, on turnover up some 26 per cent to around £32m.

TIP has invested heavily in new equipment over the last year - particularly in sophisticated trailers which command premium rental rates, such as refrigerated vans.

Further investment is thought to be required, however, if the company is to maintain its dominant position in both the UK and Continental trailer rental markets.

TIP has around 5,500 trailers in the UK and 4,500 in the rest of Europe. This compares with around 6,000 trailers operated by Rentco, the next largest company.

Aggressive expansion plans have recently been announced, however, by Tiphook, the fast-growing container, trailer and rail wagon rental company, which plans to spend £50m to expand its fleet of 4,500 trailers by 3,000.

Trailer rental has been a fast expanding market in the UK as a result of the abolition of 100 per cent first year capital allowances in the 1984 Budget, together with changes in accounting standards which have made contract hire more attractive than finance leases.

As a result, around 10-12 per cent of the 200,000 trailers in use in the UK are rented.

The issue is sponsored by Kleinwort Benson and brokers are Phillips & Drew.

Royal Insurance seeks US listing

BY NICK BUNKER

Royal Insurance has become the first British insurance company and one of only a handful of insurers based outside the US to seek a full listing for its shares on the New York Stock Exchange.

The move was not a defensive manouevre aimed at spreading ownership of its shares to thwart possible takeovers, Royal said. The announcement yesterday helped lift its shares 14p to close at 588p last night.

Mr Alan Horsford, group chief executive, said the listing was intended to help Royal achieve its goal of a wider shareholder base.

At present, Royal has 74,000 shareholders, with about 2 per cent of its equity by value held by US investors via British nominee accounts.

Royal said it is also starting a programme for its shares to be traded from early 1988 in the form of American Depositary Receipts. Prudential Corporation, the UK-based life insurer, and Sedgwick Group, the biggest British insurance broker, already have ADRs.

The Royal's announcement, however, also highlighted discontent felt by the group's management about what they see as undervaluation of their stock by British investors anxious over insurance pricing trends in the US.

Royal officials felt last night that US investors would welcome the opportunity to buy shares more easily in an insurer with a diversified book of business. While about 47 per cent of the group's non-life premiums come from the US, a further 28 per cent derives from the UK and the Royal also has other insurance, reinsurance and life assurance operations.

By contrast, big US property/casualty insurers, with the exception of American International Group (AIG) and Cigna, have tended to concentrate heavily on their home territory.

Mr Roy Randall, a Royal spokesman, pointed out that Royal recently beat AIG and Cigna in competing for the non-Japanese insurance business of Hitachi, the electronics group.

On Wall Street last night, however, Mr Herbert Goodfriend, a top-rated insurance analyst with Prudential Bache Securities, said there had been "only pockets of specialised investor interest" in two other foreign insurers whose shares are traded in New York - Aegon of the Netherlands, and the Tokyo Marine and Fire.

Plumb rises 90% to over £1m

BY FIONA THOMSON

A NATION of shopkeepers, with some hoteliers thrown in for goodmeasure, would be the ideal corporate mix for Mr Rick Cressman, managing director of Plumb Holdings, which yesterday announced a 90 per cent rise in half year profits.

Launched on the USM in November 1986, the company provides a comprehensive interior contracting and furnishing service aimed at the retail, hotel and leisure and commercial office sectors. For the 26 weeks to August 1, 1987, pre-tax profits were £1.01m compared with £529,000 for the same period last year. Turnover increased by 96 per cent from £9.01m to £17.68m.

"There is a growing national stockpile of hotels, shops and offices, and all in time will need to be refurbished," said Mr Cressman. "The market in all our three sectors is very buoyant."

Plumb earlier this year completed the £6m refit of the Debenhams store in London's Oxford Street. Other recent contracts include refurbishing several floors of luxury suites in Rank's Royal Garden Hotel opposite Hyde Park, fitting out a number of new Argos superstores and the refitting of six Midland Bank branches.

The group's core companies - Plumb Contracts, the specialist interior contractors, and Plumb Furniture, for offices - contributed about 70 per cent of sales. The remainder came from companies all set up within the last two years, City Office Interiors, Shopfit Systems, Plumb Management (the management fee contracting arm); and Fibreform Mouldings, which makes highly decorative plaster work.

A new factory to be completed in April next year, on an acquired three acre site beside the company's Coventry HQ, will allow a doubling of capacity on furniture and at least a trebling on mouldings.

The Paris venture, set up a year ago, is still flat.

Plumb has traditionally been highly committed to growing organically rather than through acquisition, but is now looking for possible acquisitions more actively than in the past, according to Mr Cressman.

The interim tax charge was £361,000 against £210,000 last time. Earnings per share rose from 2.6p to 5.2p and the board has recommended an interim dividend of 1.25p (nil).

Bunzl pays £39m in further US expansion

By David Waller

Bunzl, the paper, packaging and distribution group, is to diversify further in the US with the $64m (£39m) cash acquisition of EESCO Inc., a distributor of electrical equipment based in Chicago.

The purchase will lift Bunzl's annual sales in the US to in excess of $1.1bn and adds a third arm to the company's North American distribution activities. Its US division already generates annual sales of $800m from paper distribution and $130m from the distribution of building products.

EESCO - which has forecast pre-tax profits of $8m on sales of $200m in the year to the end of February - is the sixth largest electrical goods distributer in the US and the largest in the Mid-West, with a total of 22 branch outlets. It distributes a range of electrical components, lighting and control equipment and wire and cable.

Mr Ken Anderson, Bunzl's finance director, said yesterday that Bunzl would be able to bring its distribution skills to bear on a growing and much fragmented market. Annual sales of $35bn in the sector - divided between some 6,000 distributors - are estimated to be growing at the rate of 5 per cent a year.

EESCO would make a platform for Bunzl's own growth within this sector, and further acquisitions should be expected. In its last financial year, about a third of Bunzl's trading profits came from the US. Interim profits of £42.2m revealed last month were 56 per cent ahead on £899m turnover.

ISA International to join SE

BY RICHARD TOMKINS

ISA International, a distributor of disks, printer ribbons and other consumables to users of word processors and computers, is joining the stock market through a placing which will value the company at £15.6m.

N.M. Rothschild, the merchant bank, has placed some 6.7m shares - 34 per cent of ISA's enlarged equity - at 80p a share. Broker to the issue is Panmure Gordon.

ISA is probably the leading specialist distributor of branded consumables in Britain, but estimates that it still has less than 5 per cent of this highly fragmented market. It supplies both end users and dealers, and also has a division in West Germany which accounts for 35 per cent of group sales.

The company was set up by Mr Andrew Heap in 1973 as a division of a computer services company owned by his brother. It won independence in September 1985 through a management buy-out backed by three institutional investors.

A shortage of working capital, caused partly by an attempt at expansion into the US market in 1982, limited profits growth over the period before the buy-out. The pre-tax figure before exceptional items rose from £394,000 in 1982 to £638,000 in the year to last December, a compound growth rate of less than 13 per cent.

However, an acceleration in the company's growth in the wake of the buy-out has led the directors to forecast a doubling of pre-tax profits to £1.3m for the current year, putting the shares on a prospective price/earnings ratio of 17.

Just under half of the shares being sold are new shares coming from the company, raising £2.2m net which will repay borrowings incurred in the buy-out. The rest are being sold by existing shareholders - mainly two of the institutional backers who are realising part of their investment.

A new breed for the market

BY GERRY O'BRIEN

A COMPANY without any known form - Classic Thoroughbreds - is to join the Irish Smaller Companies Market.

Stockbroker National City Dillon & Waldron is offering a total of 6,666,666 ordinary shares at 30p per share, accompanied by rights to subscribe for 3,333,333 ordinary at 30p per share.

The prospectus emphasises that investment in a company which has no trading record is speculative and involves a high degree of risk.

Classic Thoroughbreds was established earlier this year to carry on directly and through syndicates the activities of purchasing and racing thoroughbreds, and to invest in breeding and other activities relating to the equine industry.

The group intends to buy only thoroughbred horses to race on the flat, and for breeding purposes. It is also intended to acquire and/or retain interests in stallions to generate annual income which, under present legislation, would be tax free when it occurs in the Republic of Ireland.

Classic Thoroughbreds will be managed by two of the promoter directors, Dr M V "Vincent" O'Brien - one of Ireland's best known trainers who produced the English TripleCrown winner, Nijinsky and later, the famous Shergar (later kidnapped and never seen again) - and Mr John Magnier,managing partner of the Coolmore Stud.

Other directors include millionaire racehorse owner and Vernons Pools boss, Mr Robert Sangster.

In July, the group raised a total of I£10m in equity finance. The promoters subscribed for approximately 15m shares at 20p each, representing a total investment of about I£3m. The balance of I£7m was raised by the placing under which 23,500,000 shares were allotted at 30p per share. It was agreed at the time of the placing that the ordinary and rights shares would be offered to the public.

The promoter directors expect that future income will accrue in the form of prize money from races, profits realised on the sale of horses and shares in horses, and nomination fees from shares in stallions.

As at September 28 1987, the group had expended some I£3m on the purchase of yearlings and interests in yearlings, and expects to incur further expenditure of the order of I£5m in the remainder of the first two years of operation.

The directors stated that because of the many uncertainties associated with the bloodstock industry, it was not possible at this stage to predict potential earnings of the group.

Burmah Oil

Burmah Oil has acquired Midwest Coatings, a supplier of speciality inks to the U.S. screen printing industry, for $4.5m. Midwest is said to be a market leader in the manufacture of U.V. curable screen inks, one of the fastest growing sectors of the U.S. screen printing market.

Ruo Estates into red

THE SUBSTANTIAL fall in the price of tea and the decline in the value of the Malawi Kwacha saw Ruo Estates Holdings, tea estates, fall into the red for the six months to end-December 1986.

Pre-tax losses amounted to £67,000, compared to last time's £104,000 profit, and turnover fell from £944,000 to £594,000.

Directors said the same factors would have a significant impact on the final results for the year, but they maintained the interim dividend at 3p. The loss per share was 6.2p (earnings 3.2p) on a net basis and 5.2p (earnings 4.5p) on a nil basis.

Densitron Intl

Densitron International, electrical components manufacturer, increased pre-tax profits by 75 per cent from £229,000 to £401,000 on turnover up from £7.2m to 9.49m in the first six months of 1987.An interim dividend of 0.55p is declared.

HUGHES FOOD the acquisitive Hull-based foods company, is buying the Broch Ice Company, a Scottish fish processor. The deal will be satisfied by the issue to the vendors of 62,016 new Hughes ordinary shares.

Broch made a pre-tax loss of £69,000 on £396,000 turnover in the year to the end of last August. Its net assets were £54,000. Hughes intends to integrate Broch with Peterhead Ice Company, acquired in August for £2.75m.

London International: Its ColourCare division had bought Solis Color, a photo processing company in Spain, for about £950,000 in cash.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anglo American Investment Trust, Berry Birch & Noble, London & Edinburgh Trust, MIL Research, Monument Oil & Gas, Quadrant Group, Austin Reed, Ruberoid, Singapore Para Rubber Estates, Tyzack Turner, Walker Greenbank.

Finals- Ben Bailey Construction, Druck, F.GoodwinPhoto-Me International, W.A. Tyzack.

FUTURE DATES

Interims-	
Derwent Valley	Oct 20
Helene of London	Oct 14
Tudor	Oct 14
Finals-	
Barry Wehmiller Intl	Oct 20
Govett Strategic Inv Tst	Oct 22
Lyles (S.)	Oct 12

Sanderson shares fall on bid rejection

Shares in Sanderson Murray & Elder, the Bradford-based woolcomber, fell 12p yesterday, to close at 258p, when it revealed it had rejected a bid approach from Sir James Hill and Sons, a private company.

Hill, which holds 8.1 per cent of Sanderson, said it was prepared to offer 290p for each ordinary share provided the Sanderson board recommended the offer and principal shareholders gave irrevocable commitments to accept.

But Sanderson's board said it saw no commercial benefit to the company from a merger with Hill and was not able to recommend such an offer. Directors, who holds 50.8 per cent of the company, were unwilling to enter into the proposed commitments.

Empire Stores

Gecos, the Italian retailing group, announced yesterday that it had bought a further 100,000 shares in Empire Stores, the mail order group, taking it stake up to 7.62m shares, 19.7 per cent of the equity. Empire's shares, which have risen over the past few days on speculation of a possible stake build-up, closed at 284p, down 1p on the day.

Charles Baynes in £35m agreed bid for engineer

BY FIONA THOMPSON

Charles Baynes, the Cardiff-based shell bought by the South African entrepreneur Mr Bruce McInnes in August as a vehicle for acquisitions, yesterday announced its first bid, a £35m recommended takeover of the Derbyshire-based Technical Component Industries.

TCI is a fast-growing engineering group involved in the manufacture, design and distribution of specialist fasteners, fixings and components for the aerospace and racing car industries.

Baynes is offering 65 of its shares for every 14 TCI shares held. On the basis of Baynes' share price last night of 133p, up 6p, the paper offer is worth 617.5p for every TCI share. TCI closed at 570p last night, up 92p.

A cash alternative, worth 520p per TCI share, will be offered to TCI shareholders in respect of up to three-quarters of their holdings. Existing investors in Baynes will be able to take up shares issued to meet the cash alternative.

"TCI is a terrific start for our acquisition programme," said Mr McInnes. "It has four solid businesses with excellent growth prospects which will provide a base for future expansion."

TCI reported pre-tax profits for 1986 of £658,000 on sales of £3.8m. However, this only included a full year contribution from one of the four existing companies - Stainless Steel Fasteners. Ancon Stainless Steel Steel Fixings was acquired in July 1986, and TKR International, which designs, manufactures and sells components for the aerospace industry, in September 1986.

The fourth company, Kent Aerospace Castings, which makes magnesium and aluminium castings for the aerospace and racing car industries, was acquired at the same time as TCI announced an 88 per cent rise in first-half 1987 pre-tax profits to £325,000. Sales jumped from £807,000 to £3.99m.

The purchase of TCI is very much in line with Mr McInnes's stated intention when he bought into Baynes. His strategy is to buy quality, listed companies of a good size - worth over £10m - in the industrial sector. He does not wish to get involved in hostile takeovers, so agreed bids are essential.

"We want quality businesses with good growth opportunities, and good management. We don't want to run the business, we want to concentrate on the future," said Mr McInnes. "This acquisition of TCI will set the theme we wish to follow, that of mechanical products in the industrial sector."

Baynes itself has a residual laundry business on the North Circular in London which will probably be sold soon, and a couple of small interests (stone-cleaning and hacksaw blade manufacture) which are "quite interesting."

The offer is being recommended and accepted by the directors of TCI who, with certain shareholders, control 31.6 per cent of the issued share capital of the company.

Mr Hugh Sykes, chairman of TCI, will join the board of Baynes as non-executive deputy chairman.

Accounting errors hit Samuelson

BY PHILIP COGGAN

Samuelson Group, television and film services company, plunged into the red in the year to March 31 and was forced to make substantial provisions against significant accounting errors. Profits for the year to March 1986 also had to be restated, and reduced by around £1m, after the discovery of the accounting problems.

An audit of the 1987 accounts showed that certain balances in the company accounts were either not adequately cleared or explained. Obsolescent film equipment also had to be written off. As a result of the write-offs, the final figures revealed a pre-tax loss of £881,000 rather than the £700,000 to £1m profit thecompany had said it would be reporting. The restated 1986 accounts show profits of £4.5m.

It is understood that one of the joint auditors, Booth, Anderson, will be retiring at the annual meeting. Arthur Young, which was appointed as a joint auditor earlier this year, will become sole auditor.

Sir John Mayhew-Sanders, who was appointed chief executive in March, said that costs had got virtually out of control last year - unallocated central overheads jumped from £2.61m to £5.14m. The presentation division increased revenues by a third but higher costs meant that profits fell by a quarter.

All the divisions reported reduced profits last year but Sir John said that nearly all businesses were enjoying significantly higher revenues this year and that the group as a whole was trading profitably. Some substantial cost reductions had already been achieved.

The company is also reviewing its investment in fixed assets and expects that a major rationalisation will reduce its borrowings. Gearing is currently around 130 per cent.

After tax of £476,000 (£2.13m), the loss per share was 6.5p (12p earnings). The final dividend, to which there is a scrip alternative, is being maintained at 1.6p.

Geevor chairman sells 27% stake

BY LUCY KELLAWAY

Mr Edward Nassar, the chairman of the distressed Geevor Tin Mines, which had to shut its Cornwall mine last year in the wake of the tin crisis, has sold all his shares in the company.

Mr Nassar and his family have sold their 26.7 per cent to Supernal Services. He could not be reached yesterday, and was said by a spokesman at Geevor to be in Switzerland.

Two months ago Mr Nassar, who had fought against the closure of the mine, said the company had been hoping to deploy some of its mining experience overseas, but said recent negotiations had not led to anything.

Bula restored

Trading in Bula Resources shares, which were suspended on Tuesday pending an announcement, resumed yesterday. The company, which is involved in Irish oil exploration, said yesterday that the suspension was due to "technical settlement and documentation problems" connected with the IR£6.5m share placing announced last month.

As a result, is said that the closing date for applications for the shares had been extened to 29 October, and that shareholders who bought shares until Tuesday would qualify for shares. Shareholders are being offered one new share for every 10 held at IRp 7.8p.

TI disposal

TI Group has sold its welded tube business, TI Tube Products, for about £6.8m in a management buy-out. TI, which has been undergoing a major restructuring, will receive about £5.8m in cash on completion, with the balance spread over nine months and an option to take up 2.5 per cent of the equity if the business is subsequently resold or floated.

Unigate has bought Panda Van Hire (Exeter) which specialises in the short-term hire and contract hire of cars and light vans.

Scottish Television: Nutraco Nominees have reduced their holding from 5.69 per cent to less than 5 per cent.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
A Beckman	fin	3.78	Jan 5	3.78	5.73	5.73
Densitron Intl	int	0.55	-	-	-	1.1
Grampian Hldgs	int	1.25	Nov 6	1*	-	3*
Higgs and Hill	int	3	-	2.75*	-	7.5*
S Jerome	int	2	Nov 18	1.3	-	4.3
Johnston Group	int	3†	-	3	-	9
John Maunders	fin	3.1†	Nov 27	2.6	5.7†	5
Plumb Hldgs§	int	1.25	-	nil	-	1.5
Raine Inds	fin	1	-	0.61	1.4	0.83
Rue Estates	int	3	-	3	-	7
Samuelson Gp	fin	1.6	Dec 9	1.6	2.4	2.4
Southend Stadium	int	0.1	Jan 5	-	-	0.15*
Thurgar Bardex	int	0.75	-	0.6	-	1.8
TSW	fin	1.87	-	1.41	2.7	2.05
Wooltons B'ware§	int	1.4	Nov 27	-	-	2.5

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §Unquoted stock. ØThird market.

Public Works Loan Board Rates

Effective October 7

	Quota loans repaid			Non-quota loans A* repaid		
Years	by EIP† %	A‡ %	at maturity§ %	by EIP† %	A‡ %	at maturity§ %
1	—	—	10⅝	—	—	11⅛
Over 1 up to 2	10⅜	10⅜	10¼	11⅜	11⅜	11
Over 2 up to 3	10¼	10¼	10⅜	11¼	11¼	11⅛
Over 3 up to 4	10¼	10¼	10⅜	11¼	11¼	11⅛
Over 4 up to 5	10¼	10⅜	10⅜	11¼	11⅛	11⅛
Over 5 up to 6	10⅜	10⅜	10⅜	10⅞	10⅞	10⅞
Over 6 up to 7	10⅜	10⅜	10½	10⅞	10⅞	11
Over 7 up to 8	10⅜	10⅜	10½	10⅞	10⅞	11
Over 8 up to 9	10⅜	10⅜	10½	10⅞	10⅞	11
Over 9 up to 10	10⅜	10⅜	10⅜	10⅞	10⅞	10⅞
Over 10 up to 15	10½	10½	10¼	11	11	10¾
Over 15 up to 25	10¼	10¼	10⅛	10¾	10¾	10⅝
Over 25	10⅛	10⅛	10⅛	10⅝	10⅝	10⅝

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

Higgs and Hill jumps to £7.7m at halfway stage

Higgs and Hill, construction, property and housebuilding group, upped taxable profits by 56 per cent in the first six months of the year. On turnover increased from £107.23m to £140.66m profits rose from £4.98m to £7.77m.

The directors declared an interim dividend of 3p (2.75p adjusted) and after tax of £3.11m (£1.99m) earnings per share rose from 10.92p to 13.91p.

Mr Brian Hill, chairman, said that the UK construction division had achieved an increased level of activity but that margins remained under pressure and showed no sign of consistent improvement. Comparative figures included three months contributions from Southend Estates Group to June 30 1986.

The overseas construction division continued to experience difficult conditions but the results had been satisfactory. The homes company had continued to enjoy good trading while the UK property company had a successful half year, with profits coming from its joint venture developments.

• comment

Better than expected figures and a consequent upgrading of full-year forecasts had Higgs and Hill's shares bucking the market trend to close 27p up at 430p yesterday. One of the main influences on profits growth is the assimilation of Southend Estates, whose acquisition has provided Higgs with an enviable 3,000 units of land, or six year's supply at current completion rates. Further, merger accounting has enabled the company's new owner to include the land in its balance sheet at sometimes ancient valuations. Construction continues dull but the property side should perform well with contributions coming through from Chiswell Street, St Mary Axe and Tower Hill. Overall, £16m could be a conservative guess at the pretax figure, putting the shares on a prospective price/earnings ratio of 14 - probably high enough to see them pause for breath awhile.

Maunders builds past £3m

John Maunders Group, house builder and estate developer, boosted pre-tax profits by 38 per cent from £2.21m to £3.05m on turnover ahead from £29.55m at £31.39m in the year to June 30.

The directors proposed a final dividend of 3.1p (2.6p) making a total for the year of 5.7p compared with 5p last time. After higher tax charges of £1.13m (£886,000) earnings per 20p ordinary share jumped from 20.4p to 28.44p.

Mr John Maunders, chairman, said that the results fully justified the decision to take maximum advantage of the buoyant second-time buyer and luxury homes market. This market now formed more than 70 per cent of the group's total production.

Since the year end demand had proved to be strong, with sales ahead of target. Increased sales outlets allied to more attractive margins in the luxury market should ensure another record trading year for the group, Mr Maunders reported.

The placing in March of 2.09m new shares, which raised £5m, meant that the group was in an exceptionally strong financial position at the end of the year with a gearing of only 6 per cent of shareholders' funds with its current liabilities covered nearly three times by current assets.

A significant number of major land acquisitions had restored Maunders' land bank to 2½ years supply and lifted its value from £6m to £12m. It had, as predicted, completed 699 legal completions against 756 in the previous year and the average house selling price had risen from £35,000 to £43,000. The Southern Division had perfomed well, contributing significantly to profit and turnover.

The company proposed a scrip issue on a two-for-one basis.

• comment

Maunders has not shared in the South-East building bonanza and its rating has frequently lagged behind the rest of the sector. However, it does have some Southern sites - in Dorset and Hampshire - and they helped boost margins last year. Up north, the company has shifted up-market towards second time buyers and executive homes and away from starter sites - the result is fewer units built but higher average prices. The figures were better than expected and the shares climbed 9p to 339p; assuming an improvement to £4.2m pre-tax this year, that makes the prospective p/e just over 10. On the basis that Maunders' Northern bias must protect it against the worst effects of a housebuilding downturn, the rating does not *look* overdemanding.

Albert Fisher in £11m US deal

BY CLAY HARRIS

Albert Fisher Group, the food distributor and processor, yesterday added another company to its Florida network and marched for the first time into Georgia. Fisher is to pay up to $17.5m (£10.8m) for the Movsovitz group, a produce distributor based in Jacksonville.

Movsovitz has additional distribution centres in Orlando, Gainesville, and Savannah in Georgia. It also exports produce to Bermuda, Puerto Rico and the Virgin Islands.

Three years after its first acquisition in Florida, Fisher is the largest fruit and vegetable distributor in the fast-growing state. It also is a leading supplier to cruise lines - an activity which is also a major part of its operation on the Pacific coast, in California and the Canadian province of British Columbia.

Movsovitz extends Fisher's coverage to north-east Florida and the Georgia and South Carolina coasts.

Fisher will pay an initial $6m in cash and $500,000 in shares, with additional payments of up to $11m based on pre-tax profits in the three years to August 1990. In the 48 weeks to August 28, Movsovitz achieved pre-tax profits of $2.4m (after adjustments for non-recurring expenditure) on sales of $67.8m.

Mr Lawrence Movsovitz, chief operating officer and third generation to direct the 90-year-old company, has been given a three-year service contract.

TSW lifts profit by 31% to £2.5m

TSW - Television South West Holdings, the Independent Broadcasting Authority contractor for south-west England - boosted its taxable profits by 31 per cent from £1.91m to £2.5m in the year to July 31. Turnover rose from £28.44m to £32.36m.

The directors proposed a final dividend of 1.87p (1.41p) to make a total for the year of 2.7p compared with 2.05p last time. After tax charges of £921,000 (£757,000) earnings per 5p share jumped from 5.33p to 7.22p.

In the half year to January 31 TSW lifted profits by 63.3 per cent, partly due to the full impact of the reduction in the Exchequer Levy.

Profits before the levy totalled £3.27m (£2.79m) and the levy accounted for £772,000 (£833,000). Attributable profits came to £1.58m (£1.15m).

S Jerome profits rise 63% midway

S Jerome and Sons (Holdings) textiles and electronics manufacturer, reported pre-tax profits up 63 per cent from £536,000 to £872,000 in the half year to June 30 against a rise of 18 per cent to £11.95m in turnover.

Turnover in the first half improved from £10.13m to £11.95m; after lower interest charges of £62,000 (£128,000)and £305,000 (£198,000) tax, earnings per share emerged at 9.75p (5.81p).

The interim dividend is 2p (1.3p) The textiles' division pushed operating profits up from £692,000 to £836,000 and electronics from £62,000 to £109,000 The directors said textiles were working to maximum plant capacity while CMR (electronics) was making good progress.

Johnston Group profits static

Johnston Group, civil and mechanical engineers, marginally increased pre-tax profits from £2.63m to £2.67m on turnover up from £32.84m to £38.52m in the six months to June 30 1987.

An unchanged interim dividend of 3p is declared. After tax of £936,000 (£955,000) earnings per 10p share increased to 15.42p (14.84p).

The directors said order books were showing an upward trend.

David Lascelles on Alastair Morton's record at Guinness Peat

A sweet and sour departure

ONLY a couple of months ago, Mr Alastair Morton, the chairman of Guinness Peat Group, was deriding the attempts of Equiticorp to take over his company. Showing his customary self-confidence, he claimed that the New Zealand group had neither the credibility nor the financial muscle to mount a successful bid.

Earlier this week, Mr Morton resigned from GPG, defeated both by Equiticorp and other members of GPG's board who saw the inevitability of takeover.

Yesterday, Mr Grant Adams, the deputy chairman of Equiticorp, took Mr Morton's place, and expressed his confidence in GPG's senior management, all of whom are staying on.

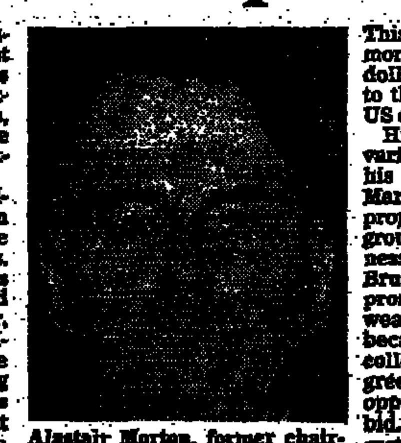
It was a humiliating moment for one of the City's best-known and more controversial characters, who is also co-chairman of Eurotunnel. But in another sense the takeover was a flattering recognition of the vast improvement he had brought about at Guinness Peat during his five years running the financial services group.

When he took the job at the prompting of the Bank of England in 1982, Guinness Peat was a crippled faction-ridden company. Steeped in losses from its commodity dealing business, it announced a pretax loss of £28m that year, which was exactly equivalent to its shareholders' funds. The fact that the group included Guinness Mahon, a merchant bank, made its precarious state doubly sensitive. In its darkest hour, in July 1982, Guinness Peat's bank creditors threatened to pull in £125m of loans, but were persuaded not to take a step that would have bankrupted the company.

In the stormy years that followed, Mr Morton's drive to turn GPG round became one of the City's longest-running sagas. Apart from being an arduous task, it pitted him against Lord Kissin, the company's founder, and several of his powerful allies who deeply resented the changes he was trying to bring about. The commodity business was sold off; an investment trust, Moorside, was bought in a deal with GPG paper that made it effectively a rights issue, and gradually the profit and loss account crept back into the black.

The steady dilution of the Kissins' holdings combined with Mr Morton's evident success at bringing the company round reduced the temperature of the hostilities, and GPG emerged into a new phase of prosperity and relative calm. When Mr Morton left this week, the group's market capitalisation had risen nearly fourfold, and it was forecasting pre-tax profits of £30m for the year ending September 30.

But while the group's finances were much improved, Mr Morton did not escape criticism. Some people said he had failed to bringing greater coherence to Guinness Peat, which



Alastair Morton, former chairman of Guinness Peat

remains an assortment of businesses held together by a loose thread of "financial services". They included merchant banking, insurance broking, aircraft leasing, investment management, property, stockbroking and development capital.

But Mr Morton rejects this charge. "We never took an integrationist approach," he said yesterday. "The essence of our strategy was to find niches and decentralise the management." Mr Morton regrets his failed bid in 1985 for Britannia Arrow, the unit trust group which would have made Guinness Peat a major force in the UK fund management market. Instead, he turned to the US where he bought Fortmann-Leff, a New York fund management firm.

This resulted in GPG earning more than half of its profits in dollars, which left it vulnerable to the present weakness in the US currency.

His term was also marked by various partings of ways with his senior colleagues, like Mr Martin Landau, who ran the property subsidiary, and a group of executives from Guinness Mahon headed by Mr Bruce Ursell who preferred the prospects at British & Commonwealth. And in the final days it became clear that Mr Morton's colleagues on the board disagreed with his strategy of fierce opposition to the Equiticorp bid. Gradually, his co-directors cast their lot with Equiticorp, forcing Mr Morton into an isolated postion where his only choice was to resign.

The Equiticorp bid might have foundered if Mr Morton's loyalties were not by then divided between GPG and Eurotunnel, where he was spending more than half his time. But he confesses: "Eurotunnel was a challenge I could not resist".

As he now turns to devote his undivided energies to the cross-Channel project, Mr Morton describes himself as "cheerful and bullish". His spell at GPG showed him a master of salvaging a business from near disaster. With Eurotunnel approaching its major £750m equity issue in much better shape than it was a few months ago, Mr Morton may be about to repeat the trick.

Grampian Hldgs up 44%

BOOSTED by an exceptionally good first six months by its sporting goods division, Grampian Holdings' pre-tax profits advanced 44 per cent from £1.13m to a record £1.64m in the half-year to June 30.

Mr Bill Hughes, chairman, said all companies in the sporting goods division achieved record results. Turnover of this division rose from £6.58m to £8.21m while pre-tax profits leapt from £490,000 to £884,000.

The performance of pharmaceuticals was also encouraging. Running at record levels this division was further enhanced by the acquisition on March 31 of BK Veterinary Products. Turnover in this division was £390,000 up at £2.52m and profits increased by £134,000 to £334,000.The recent acquisition of Robert Young will enable significant advances to be made in this division.

Elsewhere, transport activity has been high during the normally quiet holiday period but retail business remains flat.Losses on this side increased from £275,000 to £368,000.

Total turnover amounted to £25.46m (£23.33m); tax took £441,000 (£225,000) leaving earnings per 25p share of 3.64p (2.79p.

The interim dividend goes up from 1p to 1.25p.

A Beckman revives

A Beckman increased pre-tax profits by 15 per cent from £1.44m to £1.66m on turnover up from £13.87m to £14.89m for the year to June 30 1987.

This reverses last year's results for the textiles and property investment group, when profits decreased by 5 per cent and turnover was also down.

The directors recommended a final unchanged dividend of 3.78p making 5.73p (5.73p) for the year. After tax of £592,000 (£516,000) earnings per 10p share increased to 10.5p (9.1p).

Float boosts Wooltons

PRE-TAX profits at Wooltons Betterware, the USM-quoted curtain retailer and direct homeware marketing company, rose from £184,000 to £456,000 on turnover up 13 per cent from £9.7m to £11m for the 28 weeks to September 12 1987.

The directors said yesterday that the interim results reflect the benefit of funding received from the flotation in October 1986 and are therefore not directly comparable with the corresponding period last year.

An interim dividend of £1.4p was declared. Last year's single dividend was 2.5p. The shareholders of the compoany immediately prior to the offer to sale, have waived their entitlement to 50 per cent of the dividend. Earnings per share rose from 1.41p to 2.96p after estimated taxation of £180,000 (£67,000).

Mr Andrew Cohen, managing director, said trading results in the second half had begun encouragingly and the board looked forward to making further progress in the months ahead.

Thurgar Bardex

Thurgar Bardex, manufacturers of plastic products, virtually stood still in the 26 weeks to June 30 with pre-tax profits £2,000 down at £702,000.

The results for the first half, said the directors, have been adversely affected by start-up costs of new production equipment but the benefits are beginning to show and the directors are confident of a satisfactory second half.

Turnover in the period was up from £9.37m to £10.72m and the operating profit rose to £919,000 (£879,000). Interest payable was £217,000 (£175,000) and tax charged was £261,000 (£232,000) leaving earnings per share at 2.15p (2.91p).

The interim dividend is increased from 0.6p to 0.75p.

APPOINTMENTS

Chairman of Mobil Oil UK

In November Mr J. Roger O'Neill will become chairman and chief executive of MOBIL OIL COMPANY, the UK refining and marketing affiliate of Mobil Oil corporation. He will succeed Mr John C. Leweln, who will be retiring from Mobil early next year. Mr O'Neill, who joined Mobil in New York in 1961, is president and general manager of Mobil Oil Italiana.

*

Mr J.D. Sutton, who has been financial director and secretary of PROTOCOL ENGINEERING since 1971, becomes deputy chairman and secretary. He remains financial director and secretary of the other Protocol companies. Mr R.D. Noble, chief accountant, is appointed financial director.

*

Mr David Gilman has been appointed director, finance, on the board of FORWARD TRUST GROUP. He was chief financial officer.

*

Mr Graham White has been appointed managing director of LONDIS (HOLDINGS). He was business development director of Schering-Plough's international consumer products division, and formerly managing director of Scholl (UK)

*

Mr Alistair MacLeod has been appointed manager of the Edinburgh branch of BANK OF AMERICA. He was platform manager in the branch. He succeeds Mr Gordon Branston, who has moved to BA Asia, Hong Kong.

*

BRITISH RAILWAYS BOARD has appointed Mr Roy Withers as chairman of Transmark, BR's international consultancy subsidiary. He succeeds Mr James Evans who has become managing director of Freightliners, BR's freight subsidiary.

*

Mr Jim Furlong, chairman of Furlong Brothers (Construction) and Furlong Brothers (Chingford), which were recently acquired by THE BESTWOOD company, has been appointed to its main board.

*

Mr D.J. Healey has been appointed business development director of the APPLEYARD GROUP. Mr S.A. Williams becomes Yorkshire regional director. Mr D.W. Batcheler is made managing director responsible for Appleyard of Leeds, and Appleyard of Wakefield. Following the acquisition by Appleyard of Chiltern Motor Holdings, Mr V.N.F. Jones, managing director of Chiltern, has joined the board of Appleyard Group.

*

QUADRANT GROUP has appointed Mr Richard Last as group finance director. He will be involved in Quadrant's acquisition programme. He was a senior manager with Coopers & Lybrand.

*

Mr P.C. Buckingham has been appointed a director of E.W. BLANCH (U.K.).

*

Mr Graham J. Bell has been appointed managing director, DELCO PRODUCTS OVERSEAS CORPORATION, Dunstable, Bedfordshire. He succeeds Mr Tony Paris who has retired. Mr Bell was international sales manager for Delco Remy division of General Motors in Anderson, Indiana.

*

Mr Michael G. Cocks has been appointed vice president of international operations of MORINO ASSOCIATES INC., based in London. He was vice president and general manager of UCCEL Corporation's international software division.

*

FIRSTEEL GROUP, engineering subsidiary of Lonrho, has appointed Mr Jack Walker as managing director of The Lightfoot Refrigeration Co.

*

Mr Jeff Yeung has been appointed financial director of INTERNATIONAL PARTNERSHIP. He was group finance director of IT Matters computer typesetting group.

*

Mr Geoffrey Wilson, chairman of the Delta Group, has been elected 1987/88 president of the FEDERATION OF BRITISH ELCTROTECHNICAL AND ALLIED MANUFACTURERS' ASSOCIATIONS (BEAMA). He succeeds Sir William Barlow, chairman of BICC.

*

Mr Nicholas H. Johnson has joined DOWTY SEALS as financial director and company secretary. He was with Imperial Trident Life as financial accountant. Mr David Garbett-Edwards has been appointed financial director of Dowty Boulton Paul. He succeeds Mr D. Roberts, who has retired. Mr Garbett-Edwards was chief accountant of Dowty Fuel Systems.

*

Mr Richard Dawburn has been appointed to the board of UNITED TRANSPORT INTERNATIONAL. He remains managing director of its UK and European arm United Transport Co., and as chairman of its container group United transport Container Holdings.

*

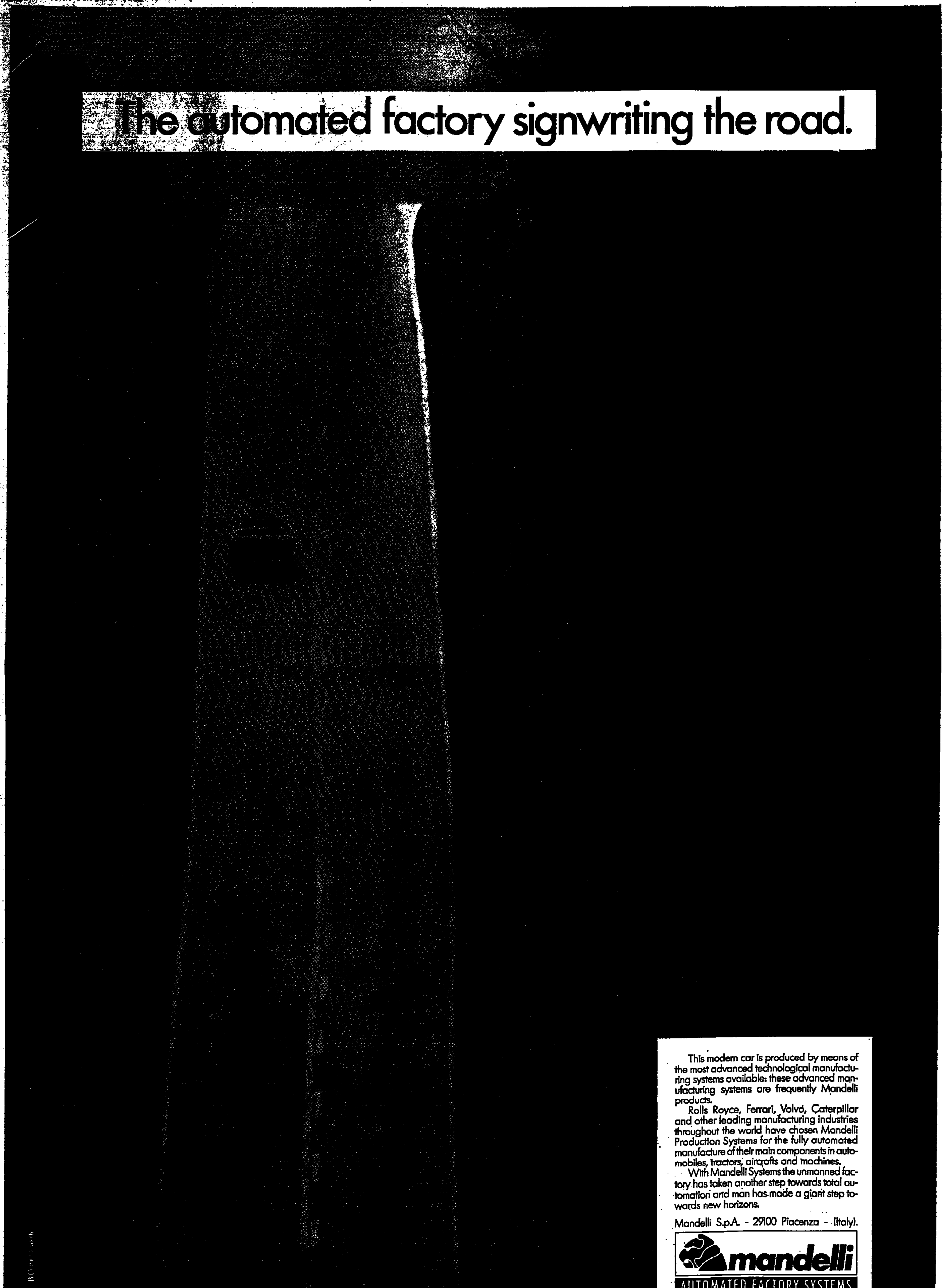
ARMITAGE SHANKS has appointed Mr Andrew Turner as group marketing director, transferring from Blue Circle Industries, Armitage Shanks parent company. Mr Charles Beote becomes corporate development director after a year's secondment to the head office of Blue Circle Industries. Mr Michael Cramp has been made group operations director.

*

BURNS-ANDERSON has appointed Mr Julian Pallister as chief finance officer and group company secretary. He also becomes a director of the group's subsidiaries, including University Medical and General. He was a director of Tyndall Holdings.

*

Mr David Cunliffe, executive chairman of the carpet division of JOHN CROWTHER GROUP, has resigned to pursue other business interests. Mr Ken Mallins, divisional chief executive, assumes responsibility for the carpet division. Mr Trevor Barker, group chairman and chief executive, will become chairman of the division, and Mr Michael D. Abrahams, deputy chairman.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AUTOMATED FACTORY SYSTEMS

Simple pointers to health of the data centre

THE compass-like diagrams on the right represent to data centre management what temperature charts, blood pressure measurements and haemoglobin counts are to medical practitioners - an indication of how the patient is progressing and how his or her health compares with the rest of the human race.

They are the work of an innovative Swedish company called Blitz Konsult which has been using them to track the health of data centres in major Scandinavian companies since 1980.

Among its clients are Asea, Electrolux, Norsk Hydro, Statoil, Svenska Handelsbanken and Volvo.

Blitz' methods seem to give valuable diagnoses. Karl-Hendrik Hubinett, who manages Volvo Data, was recently quoted as saying: "Since we started with Blitz Konsult analyses in 1980, we have more than tripled data centre productivity while increasing operations personnel by only 10 per cent. And during the same period we have substantially improved the quality of our data."

Now Blitz Konsult has established an office in west London and is seeking to bring the benefits of its methods to UK companies.

The company was founded by Thomas Blitz, a Swedish consultant, and the technique, which the company calls "Compass", grew out of a study of data processing efficiency carried out for Volvo towards the end of the 1970s.

Essentially, Compass involves the detailed analysis and measurement of some 20 different data processing functions including communications, processing, data storage, output processing and support.

It requires three basic kinds of data from its customers: capacity and load statistics extracted from the operating stystem statistics file, personnel data and cost information such as capital investments and running costs.

Tracking down and collating all the information can take up to three man weeks for a given company.

Blitz says it assesses the cost effectiveness of each of the functions it measures by relating throughput and quality to the costs incurred in each function and in total.

At present Compass is aimed chiefly at IBM data centres because the software it uses to measure the hardware performance is designed for machines of System/370 architecture.

Theo Sahlsberg, UK manager for Blitz says, however, that the company can analyse data centres using any make of mainframe.

The Compass analysis is somewhat different from the kinds of performance measurement offered by US companies like Candle and SAS which can tell with great precision whether a piece of hardware is performing as well as it might.

The essence of the Compass approach is to give data centre management not only an idea of what value for money it is getting out of its systems, but a comparison with other, similar organisations.

The result is the Compass diagram. Each of a number of important parameters such as central processing unit utilisation or on-line availability is represented by a compass point.

So in the diagrams, the overall efficiency of each of the two companies illustrated is recorded in the North position. Company A is clearly more efficient that company B judging by the length of the compass point - but how do they both compare with other companies of the same kind? And how much improvement are they capable of?

The inner circle represents the average value for a reference group of companies that Blitz Konsult has built up over the years; the outer circle is a theoretical maximum value (Central processor utilisation, for example, can never be greater than 100 per cent).

So now it is possible to see that in overall efficiency, company A is somewhat better than its peers but something short of maximum.

Company B on the other hand is a poor performer by any standards. Sahlsberg says it is common to find performance differences of up to 300 per cent between otherwise very similar companies.

The remaining points of the compass give management an idea of the relative strengths and weaknesses of the individual parts of the data processing operation, the idea being that the most effective way to improve efficiency is to concentrate on areas that are below par.

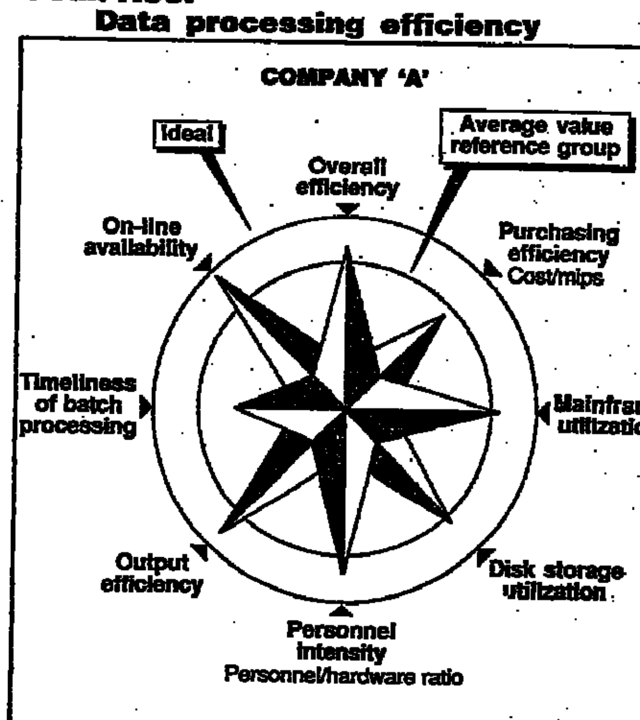
Blitz Konsult's initiative in the UK comes at a time when there is intense interest in data processing performance. Senior management has been forced to realise that data processing is not only an increasingly expensive function within the organisation but that its competitive position may be dependent on the efficiency of its computing systems.

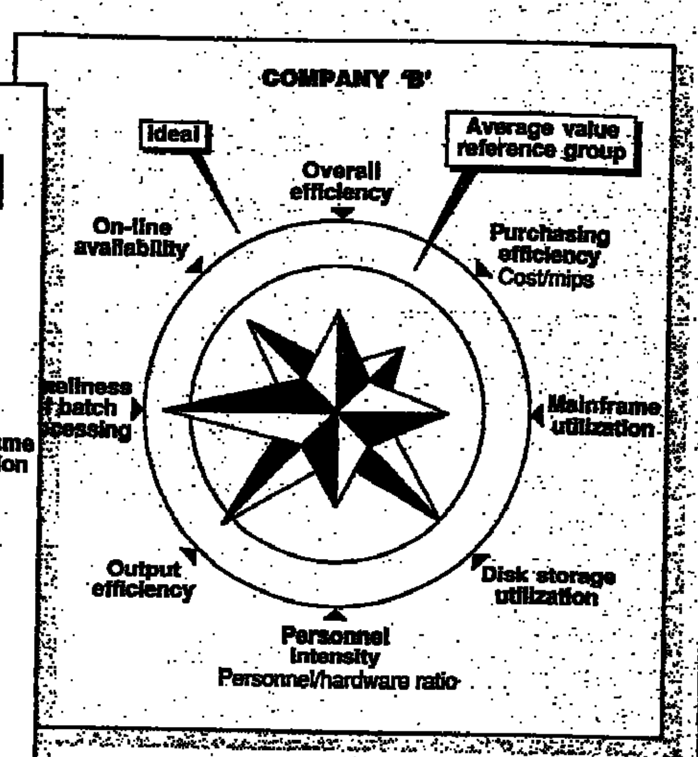
The problem is that measuring the efficiency of a data centre is a complex business which explains why competing companies are often prepared to abandon their differences in common projects aimed at understanding data processing productivity.

A Compass custom analysis costs a company £12,000. If the company is prepared to join with other companies to prepare a common pool of data the cost falls to £9,000 and Sahlsberg says most of Blitz' 50-odd customers have taken this approach.

Fred Hayes of the Butler Cox organisation, which has been heavily involved in improving data centre productivity, warns that nobody yet knows how to ensure that the systems most appropriate to a company are designed and built: "You can have the most efficient system in the world and it will just destroy the company that bit faster," he says.

COMPASS: Data processing efficiency





How men of letters can gain inspiration from MindReader

IF THE old adage that every person has one book inside them is true, then Sandy Schupper's new software could be just the thing to help them write it.

Schupper, managing director of Brown Bag Software of Campbell, California, is the man who champions honour in software selling. He is one of the pioneers of "shareware", a marketing method where software is given away with permission to copy freely given. Customers are on their honour to pay when they are convinced of the value of the program.

Schupper's latest piece of shareware is "MindReader", a £33 word processing program which brings artificial intelligence to low-cost software.

The basic idea is that it makes it fast and easy for people to create documents. Each time the writer uses the program, the software "learns" the kinds of words and phrases that are characteristic of his or her style.

After a time, it automatically suggests the next word or phrase, giving the writer the choice of half a dozen or so numbered options. The most likely option is indicated by the semi-colon symbol, closest to a typist's right hand little finger.

As an example, the writer might type "G"; instantly a screen window appears, giving the writer the choice of "generally" "guess" "gradual" and so on. By the time the writer has got to "Gen", the program is already suggesting "General Electric of the UK" - for authors who habitually write about telecommunications, at any rate. Schupper believes that using MindReader, it is possible to compose a 2,000 character memorandum using less than 50 keystrokes.

He sees its chief value for executives who write many similar sorts of letters but he also believes it has great potential for the disabled. Children, he says, show greater creativity in their writing using MindReader, freed from the constraints of spelling.

Created by the Hungarian mathematician Kalman Toth, MindReader is one of a series of low cost, innovative programs which Schupper is selling through the shareware philosophy.

Introduced to the UK only three months ago, he has already picked up prestigious orders for shareware from National Westminster Bank for several thousand copies of a program which makes it easier to use a personal computer. Other corporate customers include BP and British Telecom. Brown Bag satisfied such orders through site licensing deals.

Tomorrow Schupper he will announce that the US company Micropro will issue a copy of a Brown Bag "thought processor", called PC-Outline, with each copy of its best selling Wordstar 2000 word processing program. The deal will be worth $1m to Brown Bag.

Brown Bag is increasingly turning its attention to the corporate and business market. Inevitably, a proportion of customers who use shareware do not pay their dues, but Schupper's research suggests that this can be as low as five per cent in the corporate sector - and most of those simply had not realised they had to pay.

More information can be obtained from Brown Bag on 0279 74856 in the UK, or area code (4080) 559 4606 in the US.

BY ALAN CANE

Working wonders on the shopfloor

A COMPUTER-BASED revolution in distribution lies behind the neatly-stacked counters that epitomise the rejuvenation of Woolworths, the high street retail chain which has enjoyed a big improvement in its fortunes over the past few years.

Before the introduction of the new system, which controls the supply chain - everything to do with the movement of goods between manufacturer and customer from the moment goods are ordered until money passes over the counter - Woolworths was a victim of inefficiencies which cost it substantial sums each year.

Each one of its 818 stores was responsible for stocking its own shelves. As a result:

- The stores frequently carried too much inventory.
- The most popular items were often out of stock or in poor availability because of ordering and delivery problems.
- There was a high physical and financial cost involved in handling goods - opening packages and attaching prices, for example.
- There was only weak management control over the overall process.

The new computer-based system - a suite of programs known colloquially as POM, SOM and WOM - is already saving the group up to £8m a year at the store level, according to Jonathan Weeks, the supply chain director.

What Woolworths is doing is consistent with most large retailers' ambitions to reduce their stock levels, to create, in fact, a retailing version of the manufacturing industry "Just in Time" philosophy, where raw materials, parts and finished products arrive at the factory or workplace at the very moment they are required and no inventory is held at all.

The leaders in this area are the big chains like Sainsbury and Tesco. "Marks and Spencer do it par excellence," Weeks says admiringly, "but to find people like us, with a range of stock from confectionery to building equipment, using the system is quite unusual." Woolworths has 1,000 suppliers and 30,000 listed items for sale.

The aim is simply to keep management control of inventory through centralisation, ensuring every product is available through a central system. It may be held in the manufacturer's inventory, in one of Woolworths' two massive central warehouses or on the shop counter, but the company's management knows where it is and how to get it to where it is needed at all times.

It sounds like simple common sense, and of course it is. So why have such measures not been introduced before? It seems that in the past, distribution and supply had simply not been a priority compared with other commercial activities.

Costs had been keep down as much as possible. When Weeks arrived two years ago, he warned that he would increase distribution costs in the first instance; savings would come later.

It was a classic case of competitive advantage through the use of information technology. Heavy investment in computer hardware and software would be needed, while the eventual pay-off could only be estimated, not calculated with certainty.

The actual system used is proprietary, the World Wide Chain Stores System. Total costs over two years have been about £10m according to Weeks. This expenditure included the replacement of the company's central ICL systems with IBM systems, specifically to run the World Wide suite.

The aim is to keep management control of inventory through centralisation

The three programs in the suite communicate with each other to accept the store's stocking requirements, control the flow of goods from the warehouses and provide management reports. Weeks is already considering extending the system to provide electronic links between the company and its suppliers.

Some 90 per cent of the supply chain revolution has already been completed, but Woolworths is continuing to experiment with ways of cutting inventory using its store at Milton Keynes and its warehouse at Swindon as test sites.

Weeks reckons he has already cut inventory from £57m to £47m on listed lines. In time, he thinks he can reduce it to £30m.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OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come.
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Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.
Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity.
Even where no-one has ever reached.
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COMMODITIES AND AGRICULTURE

Batteries power cadmium price surge

BY RICHARD MOONEY

A WAVE of buying over the last few days has lifted the cadmium price to the highest level for nearly eight years. The price reached $2.75 a lb yesterday, up 10 cents on the day and 55 cents from late last week. At the beginning of the year it stood at just 87 cents a lb.

The signal for the latest price surge came last week when the World Bureau of Metal Statistics published figures showing that Western world consumption of the metal was running 7.7 per cent above the 1986 level while output was down by about 3 per cent. As a result world stocks had fallen from 2,976 tonnes in March to 2,393 tonnes in June, the Bureau said.

The figures served to confirm the bullish feeling which had been growing in the market and sparked off what one merchant described as "frenzied" buying over the weekend. He said merchant and consumer buying had been swollen by demand from producers who had been "caught short."

The chief factor behind the latest price rise has been increased demand by producers of nickel-cadmium batteries in Japan, where consumption shot up to 279 tonnes in May this year compared with 198 tonnes in April and a 1986 monthly average of 173 tonnes. Having been a traditional exporter of cadmium Japan has recently become a net importer.

Accelerating interest in nickel-cadmium battery technology has been the driving force behind the upturn in the cadmium market. Although the technology has been available for 10 years or more widespread commercial development has only recently begun to take off.

Last year the battery industry accounted for about 32 per cent of cadmium consumption, having overtaken the more traditional applications, such as in pigments, alloys, plating and stabilisers.

While traditional cadmium-consuming industries remain in a gently rising trend the battery sector continued to grow apace and most traders expect to see further significant price gains. An advance to around $3 a lb "would not be surprising," according to Mr Nick French, director of Wogan Resources, the London-based minor metal dealer.

The minor metals markets are notoriously volatile. For the buyer they usually represent a very small proportion of final product costs, while for the producer they are generally by-products of the company's principal activity (zinc production in cadmium's case)—so the development of new uses or new competitors can have dramatic effects on prices.

NY cotton exchange to quit propane

By Lucy Kellaway

THE DOMINANT position of the New York Mercantile Exchange in the market for energy futures was strengthened yesterday by the announcement from its neighbour, the New York Cotton Exchange, that it was to stop trading in liquified propane gas.

The contract may be no great loss to the Cotton Exchange—which specialises in trading orange juice as well as cotton—as volumes were low and open interest running at barely 100 contracts.

Since August Nymex has started trading its own propane contract, to complement its existing successful contracts in crude oil, gasoline and heating oil.

However the Nymex propane contract appears to have got off to a disappointingly slow start, with trading running at slightly under 70 lots a day, and open interest at about 1,300 lots. Nymex said yesterday that the contract was new, and was not likely to appeal to such a wide spread of users as its older energy contracts.

Outstanding propane contracts on the Cotton Exchange will not be transferred onto Nymex. The exchange said that trading would continue until the open interest had been unwound.

Sugar growers to meet in Havana

LATIN AMERICA and Caribbean sugar growers will meet in Havana from October 12 to 15 to review the current world market situation and all aspects of the International Sugar Agreement, Reuter reports from Havana.

The meeting of the 22-nation Latin American and Caribbean group of sugar exporters (Geplacea) coincides with the 25th anniversary of Cubazucar, Cuba's state-run sugar company. It will allow for a wide exchange of views, said Mr Alberto Betancourt, a vice minister for foreign trade.

Coffee organisation set to impose first quota reduction

BY DAVID BLACKWELL

THE FIRST CUT in the world total coffee export quota is set to take place today under the new rules agreed by the International Coffee Organisation.

The rules, which were finally approved in the early hours of Monday morning, are designed to push coffee prices up in the short term to between 120 cents a lb and 140 cents a lb—the range the ICO is trying to defend.

In the current quarter, ending December, the total export quota of 58m bags (60 kgs each) will be reduced automatically on three separate occasions if prices do not continue on a rising trend.

The quota will fall to 56.5m bags today if the ICO 15-day average indicator price for yesterday has not reached 107 cents a lb. Yesterday's price will not be known until today, but Tuesday's indicator price was standing at only 105.12 cents a lb—a rise of just under 1 cent a lb since the weekend.

Another cut of 1.5m bags in the total quota will follow on November 1 if the indicator is below 110 cents a lb, with a further cut of 1m bags a fortnight later if the indicator is below 113 cents a lb.

Immediately after the ICO talks concluded in London, after two weeks of tough negotiation world coffee, prices rose sharply, but yesterday they were in retreat in both London and New York. On the London Futures and Options Exchange (Fox) three-month robusta fell £27 to close at £1,395.50 a tonne.

If the full cuts are made in the next three months, the total export quota will fall to 54m bags — a level which some analysts argue should have been set from the start. The 58m bag level agreed at the talks was unchanged from the level in February 1986, when quotas were suspended as market prices rose.

On a long-term basis the consumption of coffee is falling, particularly in the US, which is still the biggest consumer country, while production continues to rise. "Given the current situation, 58m bags was an unrealistic target," said Mr Neil Rosser of Landell Mills Commodities Studies yesterday.

Indonesia, the world's third biggest coffee producer, is disappointed with its export quota allocation set by the International Coffee Organisation, Reuter reports from Jakarta.

The country will press for an increase in the future, said Mr Hasrul Harahap, Indonesia's junior minister for tree crops, yesterday after a cabinet meeting to discuss the allocation, which raises Indonesia's quota share to 4.75 per cent for 1987-88 from its previous share of 4.51 per cent.

Indonesia proposed an allocation of 5.41 per cent during the ICO talks in London.

Andriessen's man moves on

BY TIM DICKSON IN BRUSSELS

MR CARLO TROJAN, a central figure for the past 10 years in the complex world of EC farm politics, was yesterday formally appointed deputy secretary-general of the European Commission.

Observers pointed out last night that he will make "a formidable partner" for Mr David Williamson, formerly Mrs Thatcher's top adviser on EC affairs and now head of the Brussels bureaucracy. But they also reflected on the major contribution which he has made in the last six and a half years as head of the Cabinet of Mr Frans Andriessen, the European Community's Agriculture Commissioner.

Even yesterday at a press conference in Brussels as Mr Andriessen sought to explain Europe's negotiating position on agriculture for the forthcoming GATT talks, a relaxed looking "Carlo" was never far from his side whispering occasional words of advice. His most important role, however, has been behind the scenes cajoling the agricultural experts of the other Commissioners to accept his ideas, sitting in on full Commission meetings in his master's absence, and even taking the floor at crucial stages of sessions of the Council of Farm Ministers.

"He's the ultimate wheeler-dealer," one colleague observed in admiration yesterday. "He's been a very, very powerful man," said another.

One undoubted advantage in the polyglot corridors of the Berlaymont is his remarkable facility for languages—a gift which no doubt springs from the fact that he is a Dutchman, born in Italy of an Italian mother and now married to a Danish wife. In addition, English, French and German pose no difficulties.

His negotiating tactics are also renowned, including a propensity to lose his temper to considerable dramatic effect.

A lawyer by training, he came to the Commission in 1973 as a member of the cabinet of another Dutch Agriculture Commissioner Mr Pierre Lardinois. He returned to the Dutch civil service between 1977 and 1979 when he returned to Brussels as a Deputy Director General on Agriculture and Food.

His place is to be taken by Mr Hans Wynmaalen, who is currently agricultural attache in Paris for the Dutch Foreign Ministry.

UK faces dilemma over sheep

"OUTRAGEOUS, violently discriminatory" and "totally unacceptable" are just three of the epithets with which British farming organisations have greeted the latest proposals from Brussels to curb spending on the sheep and lamb sector, which will be discussed by ministers at the end of this month as part of an overall plan to control the EC's runaway farm budget.

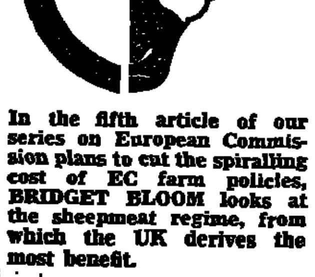
The reaction was entirely predictable, for the support system which the European Commission wants to change principally benefits Britain, the Community's largest sheepmeat producer. Under its aegis, British sheep farmers have increased production by 20 per cent since 1980 and are guaranteed weekly prices that are generally a third higher than those they would get on the open market.

The support funds for sheepmeat are not large compared with what is spent on supporting dairy or cereal farmers—the European Community at present spends only 2 per cent of its farm budget on supporting the clumsily-named sheepmeat regime—but the Commission fears that both production and spending could shortly get out of hand.

Support costs have risen from around Ecu 150m in 1981, the regime's first year of operation, to Ecu 614m (£420m) last year and a predicted Ecu 900m next year. Guarantees are currently open-ended. Without controls, costs are bound to rise even faster now that Spain and Portugal are fully integrated into the sector, the Commission believes.

The Commission's proposals, published two weeks ago, have two main aims. They are designed to control production and spending and they are intended to produce a uniform support system from the two quite distinct regimes which, for historical reasons, apply in Britain and in the rest of the Community. Since the regime was introduced in 1980 Britain has operated a variant of its original deficiency payments scheme, while the rest of the Community follows the traditional EC pattern of high internal prices, tariff protection and the possibility of selling surplus production into intervention stores.

British farmers are particularly upset about the main plank of the Commission's proposal, the phasing out of the variable premium. This applies only in Britain and is paid on lambs ready for slaughter. The premium is available weekly and guarantees minimum prices whatever happens to the market. It is a deficiency payment, making up the difference between the market price and a guide price which varies according to the season, but is always set well in advance. Next year's pricesc are already known to farmers: for example, this time next year the guide price will be Ecu 325.47, or about £212 per 100 kg.



In the fifth article of our series on European Commission plans to cut the spiralling cost of EC farm policies, BRIDGET BLOOM looks at the sheepmeat regime, from which the UK derives the most benefit.

This guarantee system is of obvious value to producers, giving them a predictable cash-flow throughout the year. It contrasts with the system operating in France, the Community's other major sheepmeat producer. Under this system farmers get an annual premium on breeding stock most of which is paid some 12 months after it is claimed. (Britain also gets the ewe premium, but at a lower rate to take account of the variable premium subsidies).

It is noteworthy that, under the two systems, French production has declined by nearly 2 per cent a year while Britain's is currently increasing at nearly 3 per cent a year.

The Commission has proposed that the variable premium should be phased out over the next four years, to be replaced by a general sheep support premium in 1992. The new premium, which would be on ewes not lambs, could be paid in several parts over the marketing year.

In an effort to reduce costs, the Commission has also proposed to limit the number of animals on which the premium can be paid. It would like to limit sheep numbers in the EC to the present 87m, reducing support prices if that figure were exceeded, while it would pay the new premium on individual flocks of up to 1,000 sheep in hill areas and 500 in the lowlands.

This aspect of the proposals could be open to abuse since it is notoriously difficult to count flocks precisely. It would also be bad for British farmers, with flocks averaging 400 sheep against 80 for the rest of the EC.

These measures, the Commission believes, could save about Ecu 500m in a full year.

Finally, the Commission has proposed that the present tax on British lamb exports to France should be phased out along with the variable premium. The tax is known as the "clawback" because it is equivalent to the variable premium and is aimed at preventing British lamb undercutting the French product.

The sheepmeat regime is further complicated by the fact that the EC also imports lamb, particularly from New Zealand — a hangover from the days before British entry. Under so-called voluntary restraint agreements the EC imports sheepmeat from New Zealand and a few other suppliers at half the normal rate of duty (10 per cent instead of 20 per cent) up to a certain quantity. For New Zealand this is set at 245,000 tonnes a year, although imports are currently running well below that at some 182,000 tonnes.

Imports, mainly of frozen lamb, which arrives in the winter when fresh European lamb is scarce, account for about 20 per cent of total EC sheepmeat consumption of just under 1.2m tonnes a year.

As an obvious sop to EC producers, the Commission has said that it wants to discuss the possibility of reducing imports further, as well as of establishing minimum prices for foreign supplies.

The fate of the Commission's proposals on sheepmeat, given Britain's particular interest, could well be determined by the British Government's willingness to compromise. Though there has been no official reaction yet, privately British ministers tend to take the farmers' part and argue that the variable premium should stay. That is held to be the best way of assuring farmers' incomes and—because of the nature of the deficiency payment—of assuring consumers cheaper meat.

There have even been suggestions that the EC as a whole should adopt the variable premium system, partly because, after years of rivalry and a bitter "lamb war," French producers are now said to favour it.

That is probably not a serious suggestion. But there is no doubt that British ministers face a dilemma. They would like to keep the present system and please the farmers. But at the same time, Britain is the most enthusiastic proponent of cuts in farm support spending. Its Community partners will be watching to see whether it is prepared to cut spending in the one sector in which it is very clearly the biggest beneficiary.

LONDON MARKETS

COPPER MARKETS bounced up on the London Metal Exchange yesterday following Tuesday's minor setback. The cash Grade A position closed at £1,169.50 a tonne, up £13 on the day and £37.50 on the week so far. Overnight strength in the New York market encouraged the rise but dealers said there was a strong underlying tone in London, with many traders regarding any fall as a "downward correction" offering a fresh opportunity to establish long positions. In general the view is that the current supply deficit is unlikely to be balanced by increased production until early 1988. Aluminium prices finished sharply lower again after an erratic day's trading. Fading concern about short term supply tightness was reflected in a narrowing of the cash premium over the three months position, which showed a relatively small fall. Dealers also reported profit taking sales as the cash high grade position lost $25 to $1,955 a tonne and the three months position fell $5 to $1,855 a tonne.

LME prices supplied by Amalgamated Metal Trading.

ALUMINIUM

99.7% purity	Unofficial close (p.m.) $ per tonne	+ or —	High/Low
Cash	1950-60	—25	—
3 months	1850-60	—5	1865/1845

Official closing (am): Cash 1,920-40 (2,000-20), three months 1,840-60 (1,875-85), settlement 1,940 (2,020). Final Kerb close: 1,850-60. Ring turnover: 1,000 tonnes.

99.5% purity	£ per tonne		
Cash	1195-200	—5.5	—
3 months	1131.5-2.5	—5.5	1137/1109

Official closing (am): Cash 1,183-4 (1,213-5), three months 1,116-7 (1,135-6), settlement 1,184 (1,215). Final Kerb close: 1,124-5. Ring turnover: 30,050 tonnes.

COPPER

Grade A	Unofficial close £ per tonne	+ or —	High/Low
Cash	1169-70	+13	1166/1160
3 months	1150-1	+9	1150/1135

Official closing (am): 1,164.5-65 (1,159.5-60.5), three months 1,145-6 (1,145-5.5), settlement 1,165 (1,060.5). Final Kerb close: 1,149.5-50.

Standard			
Cash	1163-7	+11	—
3 months	1145-7	+9	—

Official closing (am): Cash 1,160-2 (1,156-9), three months 1,140-2 (1,139-42), settlement 1,162 (1,159). US Producer prices 86.5-90 cents per pound. Total ring turnover: 39,475 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	367-8	—4	356/365
3 Months	362-3	+1	363/357

Official closing (am): Cash 366-7 (363-3.5), three months 360-1 (356-7), settlement 367 (363.5). Final Kerb close: 360-2. Ring turnover: 7,350 tonnes. US Spot: 43 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	3315-20	—55	3315/ —
3 months	3318-20	—33.5	3335/3318

Official closing (am): Cash 3,305-10 (3,325-35), three months 3,312-15 (3,330-5), settlement 3,310 (3,335). Final Kerb close: 3,315-25. Ring turnover: 918 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	467.5-8.5	—6	471/ —
3 months	471-1.5	—4.25	475/471.5

Official closing (am): Cash 471-2 (474-4.5), three months 474-4.5 (474-5), settlement 472 (474.5). Final Kerb close: 471-2. Ring turnover: 11,375 tonnes. US Prime Western: 43-43.75 cents per pound.

LONDON METAL EXCHANGE TRADED OPTIONS

	Strike Price $/tonne	Calls Nov.	Puts Nov.
Aluminium 99.7%	—	—	—

		Calls Nov.	Calls Jan.	Puts Nov.	Puts Jan.
Aluminium 99.5%	1,900	77½	53½	41	160½
	1,950	58	40½	65	196
	2,000	33	29½	96	234½
Copper (Grade A)	1,850	78½	94½	27½	74
	1,900	50	71½	48½	100
	1,950	29½	53	78	130
Copper (Grade A) £/tonne	1,125	46½	62½	9	32
	1,150	30	40	18	44
	1,175	18	30	30½	58

TIN

KUALA LUMPUR TIN MARKET—Close: 17.01 (16.90) ringgit per kg. Up 0.11.

GOLD

GOLD BULLION (fine ounce)	Oct. 7	
Close	$457¼-457¾	(£276¼-279¼)
Opening	$458¼-459	(£279¼-297¾)
M'n'g fix	$458.00	(£280.258)
Aft'n'n fix	$454.35	(£279.778)
Day's high	$459¼-459¾	—
Day's low	$457-457¼	—

GOLD AND PLATINUM COINS

Am Eagle	$470-475	(£285½-288½)
Mapleleaf	$471½-474½	(£287¼-289)
Kr'g'rnd	$456-459	(£277¾-279¾)
½ Krug	$239-248½	(£145½-151½)
¼ Krug	$122-130	(£74½-79¼)
Angel	$469-472	(£285¾-287½)
1/10 Angel	$48½-53½	(£29½-32½)
New Sov.	$107½-109½	(£65¼-66)
Old Sov.	$107½-109	(£65½-66½)
Noble Plat.	$590-600	(£359½-365½)

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 94.54p per kg lw (—1.30). GB—Sheep 168.11p per kg est dcw (—9.06). GB—Pigs 78.80p per kg lw (+2.73). GB—AAPP 96.88p per kg dw (+0.29).

INDICES

REUTERS

Oct. 6	Oct. 5	M'th ago	Year ago
1650.5	1650.0	1640.5	1565.0

(Base: September 18 1931=100)

DOW JONES

Dow Jones	Oct. 6	Oct. 2	M'th ago	Year ago
Spot	127.27	126.71	—	123.05
Fut	132.11	132.49	—	124.20

(Base: December 31 1931=100)

MAIN PRICE CHANGES

	Oct. 7 1987	+ or —	Month ago
METALS			
Aluminium			
Free Market	$2010/040	+20	$1850/880
Copper			
Cash Grade A	£1169.5	+13	£1085
3 months	£1150.5	+9	£1070.5
Gold Troy oz	$457.5	—0.25	$457.5
Lead Cash	£367.5	—4	£418
3 months	£362.5	+1	£395
Nickel			
Free Mkt	247/257c		248/258c
Palladium oz	$134.75	+0.75	$137.00
Platinum oz	$572.00	—1	$586.50
Quicksilver†	$295/305		$580/318
Silver troy oz	466.95p	+0.8	452.95p
3 months	478.80p	+0.75	464.40p
Tin			
free Mkt	£4150/170		£4125/145
Tungsten	$51.16		$55.47
Wolfram 22.04lb	$38/50		$43/55
Zinc	£468	—6	£453.5
3 months	£471.25	—4.25	£457.5
producers	$820		$860
OILS			
Coconut (Phil)	$505z		$490
Palm Malayan	$350z		$327.5
Seeds			
Copra (Phil)	$317.5		$320
Soyabean (U.S.)	$156	—1	$149.5
GRAINS			
Barley Fut. Jan.	£106.40	+1.80	£100.85
Maize	£131.50	—0.5	£156.00
Wheat Fut. Jan.	£112.10	+0.75	£105.60
No. 2 Hard Wint.	‡		‡
OTHERS			
Cocoa Ft. Mar.	£1213.5	+5	£1200.5
Coffee Ft. Jan	£1395.5	—27	£1334.5
Cotton A Ind.*	78.95c		83.60p
Gas Oil Nov.	$166	+0.5	$154.5
Rubber (kilo)	67.75p		70p
Sugar (raw)	$172w	+7.4	$165
Wooltops 64s	485p kilo		497p kilo

‡ Unquoted. † Per 76-lb flask. c Cents a pound. * Cotton outlook. w Oct-Nov. y Nov. z Dec. t Nov-Dec.

SILVER

Silver was fixed 0.8p an ounce higher for spot delivery in the London bullion market yesterday at 466.95p. US cent equivalents of the fixing levels were: Spot 765.25c, up 3.25c; three-month 781.45c, up 3.7c; six-month 797.9c, up 3.55c; and 12-month 831-75c, up 2.6c. The metal opened at 465½-469p (766-768c) and closed at 465½-469p (765-767c).

SILVER per troy oz	Bullion Fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	466.95p	+0.80	766c	+4
3 months	478.80p	+0.75	782c	+4
6 months	490.60p	+0.75	—	—
12 months	513.55p	—0.85	—	—

LME—Turnover: Nil (nil) lots of 10,000 ounces.

Three months final kerb 781-3c.

COFFEE

Robusta levels remained within the recently established range, trading in moderate volume. Trade selling was easily absorbed by industry price-fixing during the morning, but by late afternoon further trade pressure had pushed prices to the lows.

COFFEE	Yesterday close	+ or —	Business done
Nov	1372-1375	—24.5	1391-1360
Jan	1395-1396	—27.0	1412-1393
Mar	1415-1415	—24.0	1432-1418
May	1432-1434	—21.0	1448-1434
July	1446-1450	—25.5	1460-1445
Sept	1460-1465	—25.0	1482-1460
Nov	1470-1480	—32.5	1487-1485

Sales: 4,538 (5,448) lots of 5 tonnes.

ICO indicator prices (US cents per pound) for October 6: Comp. daily 1979 112.02 (112.00): 15-day average 106.12 (104.60).

COCOA

Futures made new contract lows in relatively active trading conditions. Short-covering towards the end of the day produced a £15 rally and prices closed almost unchanged. Manufacturer price-fixing and offtake was prominent while origins remained withdrawn, reports Gill and Duffus.

	Yesterday's close £ per tonne	+ or —	Business done
Dec	1181-1182	—	1181-1165
March	1213-1214	+8.0	1214-1195
May	1235-1237	+6.0	1237-1215
July	1258-1259	+5.0	1254-1240
Sept	1278-1279	+5.5	1278-1260
Dec	1302-1303	+6.0	1302-1285
March	1328-1329	+7.0	1330-1305

Sales: 4,485 (3,498) lots of 10 tonnes.

ICCO indicator prices (SDRs per tonne). Daily price for October 7: 1,491.48 (1,481.85); 10-day average for October 7: 1,491.48 (1,481.55); 10-day average for October 8: 1,512.85 (1,519.98).

GRAINS

Wheat and barley both steadied on erratic stop-loss buying reaching 70p up on wheat and £1.10 up on barley before easing sharply on keen short-term profit-taking. However, barley regained its momentum with shipper buying a feature, reports T. G. Roddick.

Mnth	WHEAT Yest'dy's close	+ or —	BARLEY Yest'dy's close	+ or —
Nov.	110.60	+0.35	104.25	+0.75
Jan.	112.10	+0.70	106.40	+1.80
Mar.	113.85	+0.55	108.35	+0.85
May	115.70	+0.60	109.35	+0.85
July	117.50	+0.55	—	—
Sept	100.15	—	97.30	—
Nov.	102.15	—	100.00	—

LONDON GRAINS—Wheat: US Dark Northern Spring No 2, 14 per cent: Oct 95.50, Nov 96.75. US No 2 Soft Red Winter: Oct 91.00, Nov 92.25. French 11½-12 per cent: Oct 136.00 sellers. English feed, fob: Jan/March 115.50 paid East Coast, Oct 111.00 sellers, Nov 111.75-112.00 buyer/sellers, Dec 112.75-113.50, Jan/March 115.25-116.00, April/June 118.00-118.50 buyer/sellers. Maize: US No 3 Yellow/French, transhipment East Coast: 2nd-half Oct 131.50 seller. Barley: English feed: Oct 106.50, Nov 108.50, Dec 109.50 sellers, Jan/March 111.50-111.75 buyer/sellers.

H G C A — Locational ex-farm spot prices. Feed barley: Eastern 102.00, E. Midlands 102.80, N. East 100.30, Scotland 101.10. The UK monetary coefficient for the week beginning Monday October 12 is expected to remain unchanged.

Business done—Wheat: Nov 110.80-10.25, Jan 112.10-1.60, March 113.90-3.65, May 115.90-5.45, July, Sept and Nov untraded. Sales: 301 lots of 100 tonnes. Barley: Nov 104.25-3.50, Jan 106.50-6.00, March 108.50-8.25, May 109.50-9.35, Sept and Nov untraded. Sales: 250 lots of 100 tonnes.

POTATOES

Inevitable profit-taking, following recent strong gains trimmed values by £2.00 during the morning after an unchanged opening. Towards the close confidence began to return with levels edging up to close mid-range, reports Coley and Harper.

Month	Yesterday's close	Previous close	Business done
	£ per tonne		
Nov.	86.70	88.50	86.60
Feb.	96.00	96.50	—
March	86.50	85.50	86.50
Apr.	137.10	137.80	138.90-136.00
May	149.80	150.20	150.00-149.00
Nov	80.00	80.00	—

Sales: 695 (1,440) lots of 40 tonnes.

US MARKETS

CRUDE OIL futures held firm on trade buying, with a brief set-back as locals took profits, reports Drexel Burnham Lambert. Gold and silver were firm on early trade buying but news of an increase in the US prime rate saw profit-taking ease prices from the highs. Platinum eased on fund, local and commission house selling. Copper made new contract highs on trade buying, but profit-taking reversed the market. Cocoa firmed on commission house and trade buying before local long-liquidation emerged towards the close. Coffee was barely steady, reflecting underlying trade support. Sugar failed to make headway as fund and commission house buying was insufficient to overcome trade selling. Local and commission house buying firmed cotton despite trade selling. The grains were easier across the board, reflecting weaker cash prices, but good technical buying, especially in the soyabeans and oil, led to a strong finish also in the maize and wheat.

NEW YORK

ALUMINIUM 40,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	82.85	73.75	—	—
Nov	82.85	83.75	—	—
Dec	82.85	83.75	83.25	82.50
Jan	80.20	81.10	—	—
March	76.85	77.75	—	—
May	71.60	72.50	—	—
July	68.85	69.75	—	—
Sept	68.85	69.75	—	—

COCOA 10 tonnes; $/tonnes

	Close	Prev	High	Low
Dec	1838	1813	1840	1800
Mar	1865	1844	1868	1833
May	1891	1872	1893	1865
July	1920	1895	1920	1902
Sep	1950	1928	—	—
Dec	1980	1963	1984	1966
Mar	2010	1993	—	—

COFFEE "C" 37,500 lbs; cents/lbs

	Close	Prev	High	Low
Dec	123.88	123.83	123.80	122.85
Mar	127.90	127.34	127.95	126.70
May	129.43	128.55	129.50	128.00
July	130.38	129.75	130.60	129.25
Sept	131.50	131.00	131.50	130.40
Dec	132.50	131.63	132.50	131.50
March	132.50	13.00		

COPPER 25,000 lbs; cents/lb

	Close	Prev	High	Low
Oct	83.60	83.10	83.55	83.20
Nov	83.50	83.05	—	—
Dec	83.40	83.00	84.05	82.70
Jan	82.75	82.40	—	—
Mar	81.65	81.30	82.20	81.00
May	80.55	80.56	81.10	80.50
Jul	79.55	78.65	—	—
Sept	79.15	79.25	79.80	78.80
Dec	78.95	79.05	79.80	78.20

COTTON 50,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	72.63	72.05	73.10	71.30
Dec	70.98	70.66	71.95	70.20
Mar	72.28	72.10	73.50	71.75
May	72.85	72.56	74.00	72.60
July	73.00	72.95	73.55	72.55
Oct	68.25	68.05	68.35	68.00
Dec	66.60	66.32	67.00	66.30

CRUDE OIL (LIGHT) 42,000 US gallons; $/barrels

	Latest	Prev	High	Low
Nov	19.63	19.44	19.68	19.38
Dec	19.54	19.36	19.60	19.30
Jan	19.47	19.27	19.52	19.27
Feb	19.38	19.20	19.44	19.27
Mar	19.33	19.13	19.38	19.25
Apr	19.32	19.07	19.33	19.20
May	19.27	19.02	19.30	19.20
Jun	19.24	18.99	—	—
July	19.05	18.96	—	—
Aug	19.10	18.94	19.20	19.10

GOLD 100 troy ounces, $/troy ounces

	Close	Prev	High	Low
Oct	458.1	457.2	459.3	457.7
Nov	460.3	453.6	—	—
Dec	463.4	462.7	465.0	462.3
Feb	470.1	469.3	472.0	469.0
April	476.8	476.0	478.8	476.8
June	483.7	482.7	484.1	483.5
Aug	490.7	489.7	431.0	491.0
Sept	480.0	460.1	461.0	451.0
Oct	498.0	497.0	499.0	499.0
Dec	505.4	504.4	505.0	504.5
Feb	513.0	512.0	514.0	514.0
June	528.4	527.4	—	—
Aug	536.3	535.3	—	—

HEATING OIL 42,000 US gallons; cents/US gallons

	Close	Prev	High	Low
Nov	55.70	54.82	55.80	55.00
Dec	55.95	55.10	56.20	55.25
Jan	56.10	55.30	56.20	55.50
Feb	55.95	55.20	55.95	55.35
March	53.85	53.20	53.90	53.50
April	52.15	51.65	52.15	51.85
May	50.90	50.35	51.20	50.90

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Prev	High	Low
Nov	137.70	139.65	139.80	137.60
Jan	136.60	138.35	138.80	136.60
March	137.15	138.20	138.60	137.15
May	137.25	138.25	138.40	138.15
July	137.25	138.00	138.10	137.80
Nov	138.00	137.75	138.00	138.00
Jan	138.00	137.75	—	—

PLATINUM 50 troy ounces, $/troy ounces

	Close	Prev	High	Low
Oct	572.7	573.7	578.0	569.0
Dec	574.2	579.7	—	—
Jan	578.7	582.7	586.5	575.0
April	587.2	591.5	593.0	585.5
July	598.2	600.5	601.0	595.5
Oct	605.4	609.5	610.0	605.5
Jan	614.7	619.3	618.0	617.5

SILVER 5,000 troy oz; cents/troy oz

	Close	Prev	High	Low
Oct	766.0	753.7	769.5	760.5
Nov	770.6	768.5	773.0	773.0
Dec	775.5	773.5	780.0	772.5
Jan	781.0	778.6	—	—
Mar	793.1	790.0	798.5	790.0
May	805.3	802.9	800.0	800.0
July	817.7	815.1	820.0	819.0
Sept	830.3	827.7	—	—

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Prev	High	Low
Jan	6.95	6.89	7.00	6.90
March	7.42	7.39	7.50	7.41
May	7.59	7.66	7.75	7.58
July	7.73	7.80	7.90	7.72
Oct	7.90	7.97	8.03	7.89
Jan	8.06	8.16	—	—
March	8.33	8.40	—	—

CHICAGO

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	66.62	67.38	67.50	66.27
Dec	65.82	66.57	66.67	65.22
Feb	64.97	65.77	65.75	64.57
Apr	66.47	67.07	67.05	66.12
Jun	65.97	66.72	66.65	65.75
Aug	65.00	65.55	65.45	64.85
Oct	63.50	64.20	64.20	63.50

LIVE HOGS 30,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	50.00	50.25	50.15	49.72
Dec	47.75	47.47	47.85	47.15
Feb	45.27	44.85	45.37	44.50
Apr	42.00	41.85	42.22	41.65
June	44.30	44.15	44.60	43.90
July	44.60	44.72	44.72	44.35
Aug	43.20	43.10	43.40	42.35
Oct	40.30	40.10	40.38	40.00
Dec	40.15	40.10	40.15	—

MAIZE 5,000 bu min; cents/56lb-bushel

	Close	Prev	High	Low
Dec	183.0	182.4	183.4	180.4
March	191.4	190.4	191.4	188.6
May	196.6	195.6	196.6	194.0
July	199.2	198.2	199.4	197.0
Sept	194.2	194.2	195.0	193.6
Dec	194.6	194.6	195.0	193.6
Mar	202.0	202.2	—	—

PORK BELLIES 38,000 lbs; cents/lbs

	Close	Prev	High	Low
Feb	60.05	59.62	60.20	58.75
March	59.67	59.35	59.80	58.50
May	60.20	60.07	60.45	59.30
July	59.87	59.70	59.97	59.00

SOYABEANS: 5,000 bu min; cents/60lb-bushel

	Close	Prev	High	Low
Nov	542.4	537.6	544.6	536.2
Jan	550.2	544.2	551.4	543.2
March	557.2	551.2	559.0	550.4
May	563.6	557.4	564.4	557.0
July	566.4	561.2	568.4	560.0
Aug	562.0	557.0	563.4	553.0
Sept	550.0	546.0	551.0	550.0
Nov	545.4	541.2	548.0	540.6

SOYABEAN MEAL 100 tons; $/ton

	Close	Prev	High	Low
Oct	177.3	176.4	178.0	176.0
Dec	172.1	171.8	173.5	171.0
Jan	169.6	169.5	170.6	168.7
Mar	167.6	167.8	168.2	166.7
May	166.5	166.6	167.5	165.5
July	164.5	166.2	166.0	164.5
Aug	164.2	164.2	165.5	164.0
Sept	163.5	164.0	164.0	163.0
Oct	161.7	162.5	161.5	162.0
Dec	162.0	162.0	162.0	162.0

SOYABEAN OIL 60,000 lbs; cents/lbs

	Close	Prev	High	Low
Oct	17.35	16.82	17.35	16.77
Dec	17.67	17.17	17.65	17.11
Jan	17.83	17.36	17.88	17.30
March	18.16	17.65	18.20	17.62
May	18.36	17.90	18.38	17.90
July	18.55	18.12	18.55	18.15
Aug	18.55	18.17	18.55	18.10
Sept	18.55	18.17	18.55	18.30
Oct	18.65	18.15	18.70	18.30
Dec	18.85	18.35	18.70	19.00

WHEAT 5,000 bu min; cents/60lb bushel

	Close	Prev	High	Low
Dec	297.0	296.2	297.6	293.2
Mar	306.0	306.6	308.0	304.4
May	304.0	303.4	304.4	301.4
Jul	286.0	285.4	288.0	284.0
Sep	289.4	288.0	—	—
Dec	299.0	291.0	299.0	299.0

SPOT PRICES—Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion 764.5 (673.0) cents per troy ounce. New York tin 315-316 (313-314) cents per pound.

OIL

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		Oct.
Arab Light	—	—
Arab Heavy	—	—
Dubai	16.98-17.05*	—0.09
Brent Blend	18.75-18.85	—
W.T.I. (1pm est)	19.62-19.65*	+0.01
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	184-187	—1
Gas Oil	164-166	+1
Heavy fuel Oil	100-104	—
Naphtha	165-167	—1

* November

Petroleum Argus estimates

SUGAR

LONDON DAILY PRICE—Raw Sugar $172.00 (£105.00), up $7.40 (up £4.00) a tonne for Oct-Nov delivery. White sugar $190.00, up $3.60.

	Yesterd's close	Previous close	Business done
	$ per tonne		
No. 6 Raws			
Dec	152.6-154.0	156.1-156.8	155.0-155.0
Mar	165.6-165.8	168.0-168.4	168.0-165.6
May	169.4-169.8	172.8-172.4	172.6-169.6
Aug	172.8-175.2	175.8-176.6	176.4-175.2
Oct	178.8-177.0	179.8-180.0	180.2-177.6
Dec	180.2-181.8	182.0-185.2	—
Mar	—	185.0-186.5	—
No. 5 Whites			
Dec	187.7-188.7	190.5-192.0	190.8-188.0
Mar	196.2-197.0	198.0	198.5-195.6
May	192.0	202.0-204.0	203.0-201.6
Aug	204.0-187.4	207.0-209.0	208.0-208.0
Oct	208.0-211.0	209.0-212.0	210.0
Dec	212.0-215.5	215.0-216.0	215.0
Mar	217.0-220.0	222.0	—

Sales: No 6 4,562 (4,285) lots 50 tonnes— No 5 1,730 (2,063).

Tate and Lyle delivery price for granulated basis sugar was £210.00 (£208.00) a tonne for export.

International Sugar Agreement (US cents per pound fob and stowed Caribbean ports): Prices for October 6: Daily price 6.45 (6.14)— 15-day average 6.05 (6.00).

...PARIS—Whites (FFr per tonne): Dec 1138-1140, March 1195-1198, May 1224-1228, Aug 1254-1258, Oct 1270-1280, Dec 1290-1305.

SOYABEAN MEAL

Early commercial selling pushed prices £1 lower where good professional and local buying supported the market keeping values at that level for the remainder of the session, reports Muirpace.

	Yesterd'ys close £ per tonne	+ or —	Business done
October	—	—	—
Dec	132.5-133.0	—0.85	132.5
Feb	132.5-133.0	—1.02	132.5
April	133.5-133.8	—1.25	—
June	124.5-125.8	—0.85	—
August	125.5-125.0	—0.75	—
October	—	—	—

Sales: 152 lots of 20 tonnes.

GAS OIL FUTURES

Month	Yesterd'ys close US$ per tonne	+ or —	Business done
Oct	146.25	+1.25	165.50-63.50
Nov	166.00	+0.50	167.25-64.25
Dec	167.25	—0.25	168.75-66.25
Jan	168.50	—0.25	169.00-67.50
Feb	168.50	+1.50	168.50-67.00

Turnover: 8,177 (5,902) lots of 100 tonnes.

FREIGHT FUTURES

ADD FREIGHT FUTURES—P38 — —

After a dull start with prices on the defensive, reports of Gulf/Japan trading at $17.25 prompted fresh buying and some short-covering and the close was steady at the highs, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
Oct.	1111	1112/1102	1105
Jan.	1212	1215/1195	1200
Apr.	1255	1260/1230	1252.5
July	1117.5	—	1105
Oct.	1200	—	1200
Jan.	1200	—	1200
April	1287.5	—	1287.5
BFI.	1075	—	1071

Turnover: 400 (268).

RUBBER

PHYSICALS—Closing prices (buyers). Spot 67.75p (same); Nov 69.25p (same); Dec 69.50p (same). The Kuala Lumpur fob prices (Malay/Singapore cents per kg) were: RSS No 1 289.0 (same); SMR 20 255.5 (253.5).

FOREIGN EXCHANGES

Dollar weak despite prime rise

THE DOLLAR weakened in nervous trading, dominated by speculation about higher world interest rates.

Major US banks followed Chase Manhattan in raising their prime lending rates to 9¼ per cent from 8¾ per cent. This came as little surprise to dealers, after the recent increase in US money market rates.

Mellon Bank in London commented that a side effect of the Group of Seven's success in establishing relative dollar stability has been to put upward pressure on interest rates. If the US budget and trade deficits are not to be reduced by a downward correction in the dollar, higher interest rates will result, to reduce borrowing and slow economic growth.

Concern about rising monetary growth and possible inflationary pressure was said to be behind yesterday's rise in the West German Bundesbank's securities repurchase agreement rate, the level at which funds are regularly lent to commercial banks.

Higher Japanese wholesale prices, due for release next Monday, are expected to result in an increase in the Bank of Japan's discount rate.

Sentiment towards the dollar was weakened by Tuesday's prediction of another 30 per cent depreciation in the value of the currency by Mr Martin Feldstein, a former White House Chief Economic Adviser.

The dollar fell to DM 1.8260 from DM 1.8360; to FFr 6.0775 from FFr 6.1075; to SFr 1.5235 from SFr 1.5305; and to Y145.60 from Y146.70.

On Bank of England figures the dollar's exchange rate index fell to 101.5 from 101.9.

STERLING—Trading range against the dollar in 1987 is 1.6885 to 1.4710. September average 1.6456. Exchange rate index rose 0.1 to 73.3, compared with 72.3 six months ago.

Sterling opened nearly 1 cent higher against the dollar in London yesterday, and then showed very little movement, gaining 90 points on the day to close at $1.6405-1.6415. After a slightly softer start against other major currencies the pound finished on a firm note, closing unchanged at DM 2.9975, while rising to FFr 9.9725 from FFr 9.9675 and to SFr 2.50 from SFr 2.4975, but easing to Y239 from Y239.50.

The pound showed little reaction to comments by Mr Nigel Lawson, the Chancellor, that he believed $1.64 was a satisfactory rate for sterling.

Mr Lawson declined to guess when the pound will join the European Monetary System, which suggests his speech today to the Conservative Party Conference will not give any hint about a date for membership.

D-MARK—Trading range against the dollar in 1987 is 1.9385 to 1.7690. September average 1.8122. Exchange rate index 146.4 against 146.4 six months ago.

The D-Mark was firmer against the dollar in Frankfurt, with the US currency falling to DM 1.8265, from DM 1.8356 previously, as dealers continued to concentrate on trade imbalances, and the size of the US deficit.

The Bundesbank did not intervene when the dollar was fixed at DM 1.8255 in Frankfurt.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. September average 143.19. Exchange rate index 218.8 against 219.6 six months ago.

The yen rose against the dollar in dull Tokyo trading. Dealers suggested the dollar was likely to remain in a narrow range before publication of next week's US trade figures.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Oct. 7	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.1507	+1.63	+0.90	± 1.5344
Danish Krone	7.85212	7.98169	+1.65	+0.92	± 1.6404
German D-Mark	2.05853	2.07775	+0.93	+0.20	± 1.0981
French Franc	6.90403	6.91766	+0.20	−0.53	± 1.3674
Dutch Guilder	2.31943	2.33815	+0.81	+0.08	± 1.5012
Irish Punt	0.768411	0.773674	+0.68	−0.05	± 1.6684
Italian Lira	1,483.58	1499.10	+1.05	+0.77	± 4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

Oct. 7	Latest	Previous Close
£ Spot	1.6280-1.6290	1.6330-1.6340
1 month	0.31-0.29pm	0.31-0.30pm
3 months	0.69-0.65pm	0.72-0.70pm
12 months	2.00-1.90pm	2.00-1.96pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

		Oct. 7	Previous
8.30	am	73.3	73.1
9.00	am	73.3	73.1
10.00	am	73.3	73.2
11.00	am	73.3	73.2
Noon		73.2	73.2
1.00	pm	73.3	73.2
2.00	pm	73.3	73.2
3.00	pm	73.3	73.2
4.00	pm	73.3	73.2

CURRENCY RATES

Oct. 7	Bank rate %	Special * Drawing Rights	European Currency Unit
Sterling	—	N/A	0.693643
U.S. Dollar	6	*	1.13862
Canadian $	8.75	*	1.48726
Austrian Sch.	4	*	14.6198
Belgian Franc	7¼	*	43.1507
Danish Krone	7	*	7.98169
Deutsche Mark	3	*	2.07775
Neth. Guilder	4½	*	2.33815
French Franc	9½	*	6.91766
Italian Lira	12	*	1499.10
Japanese Yen	2½	*	165.498
Norway Krone	8	*	7.59400
Spanish Peseta	—	*	137.886
Swedish Krona	7½	*	7.29283
Swiss Franc	3.5	*	1.73411
Greek Drach.	20½	*	159.554
Irish Punt	—	*	0.773674

* C$/SDR rate for Oct. 6: 1.67029.

CURRENCY MOVEMENTS

Oct. 7	Bank of England Index	Morgan Guaranty* Changes %
Sterling	73.3	−20.2
U.S. Dollar	101.5	−5.8
Canadian Dollar	79.3	−8.9
Austrian Schilling	137.1	+10.0
Belgian Franc	99.6	−4.8
Danish Krone	90.8	+1.1
Deutsche Mark	146.4	+21.3
Swiss Franc	170.9	+21.5
Guilder	134.6	+14.3
French Franc	71.5	−12.8
Lira	47.2	−18.7
Yen	218.8	+63.1

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

Oct. 7	£	$
Argentina	4.5260-4.5465	2.7580-2.7690
Australia	2.2680-2.2710	1.3815-1.3825
Brazil	84.7745-85.2595	51.6420-51.9000
Finland	7.1890-7.2015	4.3830-4.3850
Greece	227.55-231.50	138.80-141.15
Hong Kong	12.8065-12.8235	7.8065-7.8075
Iran	117.50*	71.50*
Korea(Sth)	1306.85-1318.65	802.70-809.30
Kuwait	0.46250-0.46350	0.28185-0.28195
Luxembourg	62.20-62.30	37.90-38.00
Malaysia	4.1765-4.1830	2.5460-2.5470
Mexico	2604.75-2622.75	1587.00-1597.00
N. Zealand	2.4785-2.4835	1.5105-1.5120
Saudi Ar.	6.1555-6.1610	3.7500-3.7510
Singapore	3.4395-3.4450	2.0965-2.0975
S. Af. (Cm)	3.3720-3.3880	2.0585-2.0625
S. Af. (Fn)	5.3415-5.5215	3.2520-3.3615
Taiwan	48.70-48.95	29.95-30.05
U.A.E.	6.0285-6.0335	3.6725-3.6735

*Selling rate.

POUND SPOT—FORWARD AGAINST THE POUND

Oct. 7	Day's spread	Close	One month	p.a.	Three months	% p.a.
US	1.6365−1.6425	1.6405−1.6415	0.31−0.28 cpm	2.16	0.69−0.66 pm	1.65
Canada	2.1371−2.1461	2.1425−2.1435	0.13−0.03 c pm	0.45	0.25−0.15 pm	0.37
Netherlands	3.36½−3.37¼	3.36¾−3.37¾	1½−1¼ c pm	4.67	3⅞−3⅝ pm	4.45
Belgium	62.10−62.30	62.20−62.30	20−17 c pm	3.57	59−53 pm	3.60
Denmark	11.49−11.52¼	11.51−11.52	¼ pm−⅜ ore dis	−0.33	par−¼ore dis	−0.15
Ireland	1.1130−1.1180	1.1150−1.1160	0.15−0.09 c pm	1.29	0.35−0.28 pm	1.13
W. Germany	2.99−3.00¼	2.99¾−3.00¾	1⅝−1½ pf pm	6.01	4¼−4 pm	5.50
Portugal	235.12−236.43	235.27−236.23	4−91 c dis	−2.42	59−229 c dis	−2.44
Spain	198.75−199.26	198.95−199.25	15−50 c dis	−1.96	129−814 dis	−3.21
Italy	2156¼−2163½	2161½−2162½	Par-3lire dis	−0.83	8−11 dis	−1.76
Norway	10.92½−10.96½	10.94½−10.95½	3⅝−4 ore dis	−4.18	9½−10⅛dis	−3.58
France	9.95½−9.98	9.96¾−9.97¾	2−1½ c pm	2.16	4¼−4 pm	1.75
Sweden	10.49¼−10.52	10.51−10.52	1⅛−1½ ore pm	1.00	2⅛−1¼ pm	0.75
Japan	238½−239½	238½−239½	1¼−1⅛ y pm	5.96	3⅜−3¼ pm	5.44
Austria	21.03−21.12	21.06−21.09	10½−9½ c pm	5.69	28¾−26¾ pm	5.27
Switzerland	2.49½−2.50½	2.49½−2.50½	1½−1¼ c pm	6.60	3⅞−3½ pm	5.90

Belgian rate is for convertible francs. Financial franc 62.50−62.60. Six-month forward dollar 1.28−1.23 c pm. 12-month 1.95−1.85 pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

Oct. 7	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6365-1.6425	1.6405-1.6415	0.31-0.28c pm	2.16	0.69-0.66pm	1.65
Ireland†	1.4685-1.4716	1.4695-1.4705	0.07-0.02c pm	0.37	0.21-0.11c pm	0.44
Canada	1.3037-1.3080	1.3045-1.3055	0.17-0.20c dis	−1.70	0.40-0.43 dis	−1.27
Netherlands	2.0505-2.0560	2.0540-2.0550	0.47-0.44c pm	2.66	1.45-1.40pm	2.77
Belgium	37.85-38.00	37.90-38.00	5.00-4.00c pm	1.42	19.00-17.00pm	1.90
Denmark	6.99¾-7.02	7.01½-7.02	0.55-1.25ore dis	−1.54	2.15-2.85 dis	−1.43
W. Germany	1.8225-1.8295	1.8255-1.8265	0.59-0.56pf pm	3.78	1.75-1.70pm	3.78
Portugal	143¾-144¼	144-144¼	20-70c dis	−3.75	50-250 dis	−4.17
Spain	121.05-121.48	121.15-121.25	10-30c dis	−1.98	70-100 dis	−2.80
Italy	1315½-1318½	1317¼-1317¾	2.80-4.30lire dis	−3.23	10.80-12.30dis	−3.15
Norway	6.66½-6.69¼	6.67-6.67½	3.35-3.70ore dis	−6.34	8.65-9.05dis	−5.31
France	6.07-6.08½	6.07½-6.08	0.03-0.07c pm	0.10	0.15dis-0.10pm	0.08
Sweden	6.39¾-6.41½	6.40¼-6.40¾	0.50-0.80ore dis	−1.22	1.40-1.80 dis	−1.00
Japan	145.25-146.50	145.55-145.65	0.48-0.45y pm	3.83	1.37-1.32 pm	3.70
Austria	12.82½-12.86	12.85¼-12.85¾	4.00-3.00gro pm	3.27	12.50-10.50pm	3.58
Switzerland	1.5200-1.5260	1.5230-1.5240	0.59-0.55c pm	4.49	1.62-1.57 pm	4.18

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 38.40-38.50

EURO-CURRENCY INTEREST RATES

Oct. 7	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	9⅞-9⅝	9⅞-9¾	9⅞-9⅞	10¼-10⅛	10⅜-10⅛	10⅝-10½
U.S. Dollar	7⅞-7⅛	7½-7⅜	7¾-7⅝	8⅜-8⅛	8¼-8⅛	9⅜-9⅛
Can. Dollar	9⅛-8⅝	9⅛-8⅞	9⅛-8⅞	9½-9¼	10-9¾	10⅛-10⅜
D. Guilder	5-4⅞	5⅛-5	5⅜-5⅛	5⅞-5⅜	5⅞-5⅞	6-5⅞
Sw. Franc	2-1¼	2-1¼	3⅛-3⅛	4⅛-4¼	4⅜-4¼	4⅝-4⅛
Deutschmark	3¾-3⅝	3⅞-3¾	4⅛-3⅞	4⅞-4⅝	4⅞-4¾	5⅛-4⅞
Fr. Franc	7⅞-7½	7⅞-7⅜	7⅞-7¾	8⅛-8⅛	8¾-8⅝	9⅛-9⅜
Italian Lira	11¼-9¼	11-10	11½-10¾	12⅝-11⅞	12½-12	13-12¾
B. Fr. (Fin.)	6¼-6	6⅜-6⅛	6½-6⅛	6¾-6⅝	7⅛-7	7⅜-7¼
B. Fr. (Con.)	6¼-5⅞	6⅛-6	6½-6⅛	6¾-6⅝	7⅛-6¾	7⅛-7⅜
Yen	3⅞-3⅞	3⅞-3⅞	4⅛-4	4⅞-4⅞	5⅛-5	5⅛-5⅜
D. Krone	9½-9⅛	9¾-9⅝	9⅞-9½	10⅛-9¾	10½-10⅛	10⅞-10½
Asian $Sing.	7⅞-7⅛	7½-7⅜	7¾-7⅝	8⅜-8⅛	8⅝-8½	9⅛-8⅞

Long-term Eurodollars: Two years 9⅝-9⅜ per cent; three years 9⅞-9⅝ per cent; four years 10⅛-9⅞ per cent; five years 10¼-10 per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Oct. 7	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.641	2.998	239.0	9.973	2.500	3.373	2162.	2.143	62.25
$	0.609	1.	1.826	145.6	6.078	1.524	2.055	1317.	1.306	37.95
DM	0.334	0.547	1.	79.73	3.327	0.834	1.125	721.3	0.715	20.77
YEN	4.184	6.866	12.54	1000.	41.73	10.46	14.11	9046.	8.967	260.5
F Fr.	1.003	1.646	3.006	239.7	10.00	2.507	3.382	2168.	2.149	62.42
S Fr.	0.400	0.656	1.199	95.68	3.989	1.	1.349	864.8	0.857	24.90
H Fl.	0.297	0.487	0.889	70.87	2.957	0.741	1.	641.1	0.635	18.46
Lira	0.463	0.759	1.386	110.5	4.613	1.156	1.560	1000.	0.991	28.79
C $	0.467	0.766	1.399	111.5	4.654	1.167	1.574	1009.	1.	29.05
B Fr.	1.606	2.636	4.815	383.9	16.02	4.016	5.418	3473.	3.443	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

FINANCIAL FUTURES

Gilts reverse early losses

GILT PRICES recovered from early losses in the London International Financial Futures Exchange yesterday and finished at the best level of the day. Trading in the morning was influenced by the recent softer tone to US bonds and equities and signs that US interest rates would rise after Tuesday's announcement of a small rise in West German rates.

However with the start of trading in the US, buying soon developed and this turned round sentiment in London where sterling had been steady to firm all day and despite a brief hiccup in US bond prices after prime rates were pushed firmer to 9¼ per cent gilt prices rallied further, breaking through resistance around the 114-16 level and attracting strong buying into the close.

The December contract opened at 114-09 down from 114-12 on Tuesday and fell to a low of 114-01 before comin back to touch a high of 114-22 and close at 114-20.

US bonds were steady but rather uninspiring in early trading, opening at 81-15 for December delivery and slipping to a low 81-12. A rise in West German money market intervention rates and a rally in Japanese Government bonds suggested that US bonds might be in for another bad day but US investors joined in after the start of trading in Chicago and apart from a brief dip on th prime rate news, values were maked up to fininsh at 82-06, up from 81-12.

Elsewhere three-month sterling deposits finished unchanged after a rather indifferent day, not helped by a virtually static cash market.

Three-month Euro-dollar deposits edged firmer towards the close but still finished barely changed

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
108	6.46	76.29	0.06	0.45
110	4.55	5.59	0.15	1.11
112	3.13	4.35	0.37	1.51
114	1.57	3.25	1.17	2.41
116	0.63	2.29	2.23	3.45
118	0.29	1.45	3.53	4.61
120	0.11	1.09	5.35	6.25
122	0.04	0.47	7.28	7.63

Estimated volume total, Calls 2,346 Puts 1,112
Previous day's open int: Calls 26,324 Puts 19,665

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls—Last Dec	Calls—Last March	Puts—Last Dec	Puts—Last March
78	4.31	4.29	0.19	1.09
80	2.52	3.12	0.40	1.56
82	1.32	2.11	1.20	21.55
84	0.40	1.27	2.28	4.07
86	0.16	0.56	4.04	5.36
88	0.03	0.33	5.55	7.13
90	0.01	0.18	7.53	8.62
92	0.00	0.10	9.521	10.54

Estimated volume total, Calls 150 Puts 202
Previous day's open int: Calls 1,396 Puts 846

LIFFE FT-SE 100 INDEX FUTURES OPTIONS

Strike Price	Calls—Last Oct.	Calls—Last Nov.	Puts—Last Oct.	Puts—Last Nov.
22750	13.51	14.83	0.41	1.73
23000	11.31	12.92	0.71	2.32
23250	9.25	11.14	1.15	3.04
23500	7.38	9.503	1.78	3.90
23750	5.73	8.01	2.63	4.91
24000	4.32	6.68	3.72	6.08
24250	3.15	5.30	5.05	7.40
24500	2.22	4.48	6.62	8.88

Estimated volume total, Calls 0 Puts 11
Previous day's open int: Calls 118 Puts 110

LIFFE £/$ OPTIONS

LONDON SE £/$ OPTIONS

PHILADELPHIA SE £/$ OPTIONS

LIFFE-EURODOLLAR OPTIONS

LONDON

CHICAGO

SWISS FRANC (IMM)

SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Dec.	0.6617	0.6626	0.6615	0.6590
Mar.	0.6680	0.6692	0.6680	0.6652
Jun.	0.6750	0.6760	-	0.6716

STANDARD & POORS 500 INDEX

$500 times index

	Latest	High	Low	Prev.
Sept.	318.01	319.38	317.47	319.90
Dec.	319.55	321.00	318.75	323.30
Mar.	323.15	324.20	322.40	327.60
June	327.40	327.90	326.10	331.00

CURRENCY FUTURES

LIFFE—STERLING £25,000 $ per £

	Close	High	Low	Prev
Dec.	1.6339	—	—	1.6278
Mar.	6.6288	—	—	1.6225
June	1.6250	—	—	1.6187

Estimated volume 0 (2)
Previous day's open int 361 (360)

MONEY MARKETS

Very little change

INTEREST RATES were a shade firmer at the longer end in London yesterday, following the rise in US prime rates to 9¼ per cent and a small increase in West German rates.

However, there was very little else to influence the market and with sterling being restrained from any further improvement against the D-Mark, there were no immediate thoughts of higher rates in London.

UK clearing bank base lending rate 10 per cent since August 7

A generally cloudy outlook accounted to a large extent for the rather poor retail interest and traders were awaiting the release of the next set of important economic statistics before making any decisions. Three-month interbank money was quoted at 10¼-10⅛ per cent compared with 10$\frac{3}{16}$-10$\frac{1}{16}$ per cent while three-month sterling CDs moved up to 10⅛-10 per cent from 10$\frac{1}{16}$-9$\frac{15}{16}$ per cent.

Overnight interbank money opened at 9⅞-9⅝ per cent and had slipped to 9 per cent by lunchtime before coming back in the afternoon to 11½ per cent. Late balances were taken at 10 per cent.

The Bank of England forecast a shortage of around £350m with factors affecting the market, including the repayment of late assistance and bills maturing in official hands together with a take up of Treasury bills draining £468m and a rise in the note circulation of £90m. These were partly offset by Exchequer transactions which added £135m and banks' balances brought forward £75m above target.

The Bank of England gave no assistance in the morning but gave assistance in the afternoon of £52m through outright purchases of £25m of elegible bank bills in band 3 at 9⅞ per cent and £27m in band 4 at 9⅞ per cent. Late assistance came to £165m, making a total of £217m.

In Frankfurt the minimum accepted rate of discount rose to 3.75 per cent from 3.65 per cent at the Bundesbank's latest sale and repurchase facility. The increase was much in line with expectations since the minimum tender rate had been increased to 3.6 per cent from 3.5 per cent when the proposed injection of funds had been announced on Tuesday.

In addition Bundesbank officials had already made it clear that they were prepared to take pre-emptive action to head off any potential inflationary pressure by keeping a tighter control of the recent rise in money supply growth.

A total of DM 7.3bn was allocated for the 28-day loan period from applications worth DM 32.9bn. This replaces a maturing facility which drained DM 4.9bn, allowing a net inflow of DM 2.4bn.

In Amsterdam the Dutch central bank accepted bids of Fl 3.3bn at yesterday's seven-day special loan agreement at an unchanged rate of 5.1 per cent.

FT LONDON INTERBANK FIXING

(11.00 a.m. Oct. 7) 3 months U.S. dollars		6 months U.S. dollars	
bid 8$\frac{3}{16}$	offer 8$\frac{5}{16}$	bid 8⅝	offer 8¾

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	8¾-9¼
Broker loan rate	8¾
Fed. funds	7⅞
Fed funds at intervention	7$\frac{7}{16}$

Treasury Bills and Bonds

One month	6.27	Three year	8.94
Two month	6.47	Four year	9.17
Three month	6.74	Five year	9.28
Six month	7.28	Seven year	9.59
One year	7.94	10 year	9.66
Two year	8.69	30 year	9.73

October 7	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.75-3.85	3.90-4.05	3.90-4.05	4.45-4.60	4.55-4.70	5.0
Paris	7$\frac{11}{16}$-7$\frac{13}{16}$	7⅝-7¾	7¾-7⅞	8-8⅛	8½-8¾	7½
Zurich	7⅞-7¼	3¼-3½	—	4-4¼	—	—
Amsterdam	5⅛-5⅜	5⅛-5¼	—	5⅜-5$\frac{11}{16}$	—	—
Tokyo	3.40625	3.78125	—	3.90625	—	—
Milan	10⅞-11¼	10⅞-11⅛	—	11⅞-12⅛	—	—
Brussels	5.25	6⅜-6½	—	6⅜-6$\frac{11}{16}$	—	—
Dublin	7¼-8	8⅝-8⅞	9-9¼	9⅜-9⅞	9$\frac{9}{16}$-9$\frac{11}{16}$	—

LONDON MONEY RATES

October 7	Over-night	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11½-9	9⅞-9$\frac{11}{16}$	9$\frac{15}{16}$-9$\frac{13}{16}$	10¼-10⅛	10$\frac{7}{16}$-10¼	10⅝-10$\frac{7}{16}$
Sterling CDs	—	—	9⅞-9¾	10⅛-10	10$\frac{5}{16}$-10$\frac{3}{16}$	10$\frac{9}{16}$-10$\frac{7}{16}$
Local Auth'rity Deps.	9⅞	9⅞	9$\frac{15}{16}$	10$\frac{3}{16}$	10$\frac{5}{16}$	10$\frac{7}{16}$
Local Authority Bonds	—	—	10⅛	10⅜	10⅝	10¾
Discount Mkt Deps.	9−8	9⅞	9⅞	9⅞	—	—
Company Deposits	9⅞	9⅞−9⅝	9⅞	9⅞	10½	10$\frac{5}{16}$
Finance House Deposits	—	—	9⅞	10$\frac{3}{16}$	10$\frac{7}{16}$	10$\frac{9}{16}$
Treasury Bills (Buy)	—	—	9$\frac{11}{16}$	9$\frac{15}{16}$	—	—
Bank Bills (Buy)	—	—	9$\frac{13}{16}$	9⅞	9⅞	—
Fine Trade Bills (Buy)	—	—	10$\frac{3}{16}$	10½	10½	—
Dollar CDs	—	—	7.70−7.65	8.40-8.35	8.60-8.55	9.05-9.00
SDR Linked Deposits	—	—	6½-6¼	7$\frac{1}{16}$-6$\frac{15}{16}$	7¼-7	7½-7¼
ECU Linked Deposits	—	—	7−6⅞	7$\frac{5}{16}$-7$\frac{3}{16}$	7$\frac{11}{16}$-7$\frac{9}{16}$	7⅞-7¾

Treasury Bills (sell); one-month 9$\frac{13}{32}$ per cent; three-months 9$\frac{11}{32}$ per cent; Bank Bills (sell); one-month 9$\frac{21}{32}$ per cent; three months 9$\frac{11}{16}$ per cent; Treasury Bills; Average tender rate ofte of discount 9.7467 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day September 30, 1987. Agreed rates for period October 26 to November 24 1987, Scheme I: 11.42 p.c., Schemes II & III: 11.47 p.c. Reference rate for period August 29 to September 30, 1987, Scheme IV: 10.219p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10½ per cent from October 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8¾ per cent; three-six months 10 per cent; six-nine months 10¼ per cent; nine-12 months 10⅝ per cent; Under £100,000 8 per cent from September 15, Deposits withdrawn for cash 5 per cent.

Contracts and Tenders

Art Galleries

Clubs

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY OCTOBER 7 1987					TUESDAY OCTOBER 6 1987			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987 High	1987 Low	Year ago (approx)
Australia (91)	169.36	−0.9	153.01	155.68	2.52	170.89	155.24	158.22	180.81	99.92	87.97
Austria (16)	101.30	+0.6	91.52	96.16	2.16	100.74	91.51	96.05	102.87	85.53	94.52
Belgium (48)	125.35	−0.4	113.25	117.78	4.01	125.80	114.28	118.66	134.89	96.19	90.61
Canada (129)	134.65	−0.7	121.65	127.24	2.31	135.54	123.13	128.08	141.78	100.00	98.51
Denmark (38)	119.01	+1.4	107.52	113.59	2.57	117.34	106.59	112.63	124.83	98.18	95.94
France (122)	108.74	−0.2	98.25	103.67	2.65	108.92	98.95	104.35	121.82	98.39	96.02
West Germany (93)	101.24	−0.6	91.46	96.11	1.96	101.88	92.55	97.25	104.93	84.00	95.70
Hong Kong (46)	157.21	+0.1	142.04	157.58	3.08	157.09	142.71	157.47	158.68	96.89	87.02
Ireland (14)	157.48	+0.9	142.27	150.95	2.97	156.12	141.82	150.36	157.48	99.50	79.37
Italy (97)	94.15	+1.0	85.06	92.63	2.05	93.26	84.72	92.21	112.11	84.22	98.59
Japan (458)	145.09	+0.2	131.09	133.54	0.51	144.76	131.51	134.24	161.28	100.00	97.05
Malaysia (36)	178.51	+0.4	161.28	175.08	2.18	177.72	161.45	174.43	193.64	98.24	89.85
Mexico (14)	416.45	+1.6	376.25	724.88	0.41	410.07	372.52	712.88	422.59	99.72	77.16
Netherland (37)	123.26	−0.8	111.36	115.58	3.87	124.27	112.89	117.09	131.41	99.65	97.97
New Zealand (24)	135.33	−0.5	122.26	108.60	2.71	135.96	123.51	110.37	138.99	83.93	76.42
Norway (24)	178.99	−1.3	161.71	162.11	1.67	181.40	164.79	165.28	185.01	100.00	101.45
Singapore (27)	171.12	+0.4	154.60	165.36	1.47	170.48	154.87	164.82	174.28	99.29	94.15
South Africa (61)	187.96	+2.6	169.82	135.85	3.05	183.21	166.44	133.97	198.09	100.00	103.35
Spain (43)	167.35	−0.9	151.19	153.66	2.58	168.81	153.35	155.77	168.81	100.00	99.29
Sweden (34)	135.59	+0.5	122.50	128.57	1.77	134.92	122.56	128.47	135.59	90.85	100.53
Switzerland (53)	110.68	+0.0	100.00	104.54	1.58	110.71	100.57	105.04	110.78	92.01	95.19
United Kingdom (335)	159.31	+0.2	143.93	143.93	3.12	158.93	144.38	144.38	162.87	99.65	90.64
USA (584)	130.28	−0.2	117.70	130.28	2.82	130.60	118.64	130.60	137.42	100.00	98.42
Europe (954)	129.29	+0.0	116.80	120.11	2.75	129.29	117.45	120.74	129.29	99.78	94.22
Pacific Basin (682)	146.35	+0.2	132.22	134.90	0.69	146.10	132.72	135.66	158.77	100.00	96.04
Euro-Pacific (1636)	139.59	+0.1	126.11	129.00	1.46	139.43	126.67	129.70	143.65	100.00	95.49
North America (713)	130.51	−0.3	117.91	130.13	2.79	130.86	118.88	130.48	137.55	100.00	98.43
Europe Ex. UK (619)	110.63	−0.2	99.95	105.22	2.42	110.87	100.72	105.97	111.97	98.02	96.43
Pacific Ex. Japan (224)	161.85	−0.4	146.23	152.00	2.65	162.57	147.69	153.39	164.03	99.92	86.96
World Ex. US (1840)	140.10	+0.1	126.58	129.35	1.51	139.94	127.13	130.02	143.38	100.00	95.65
World Ex. UK (2089)	134.00	+0.0	121.06	128.47	1.86	134.06	121.79	129.02	138.82	100.00	97.30
World Ex. So. Af. (2363)	135.92	+0.0	122.80	129.82	1.98	135.98	123.53	130.39	139.47	100.00	96.67
World Ex. Japan (1966)	132.05	−0.1	119.30	128.08	2.77	132.24	120.13	128.55	134.22	100.00	96.55
The World Index (2424)	136.25	+0.0	123.10	129.91	1.99	136.28	123.80	130.45	139.73	100.00	96.71

Base values: Dec 31, 1986 = 100

EUROPEAN OPTIONS EXCHANGE

Series		Nov 87 Vol.	Nov 87 Last	Feb 88 Vol.	Feb 88 Last	May 88 Vol.	May 88 Last	Stock
GOLD C	$440	3	23	3	35.50	—	—	$458.30
GOLD C	$5460	144	12	2	22.10A	9	36	"
GOLD C	$480	4	3.70	6	15.50	5	24.50	"
GOLD C	$500	17	1.60	133	9.50A	37	18	"
GOLD C	$520	29	0.80	—	—	—	—	"
GOLD P	$440	6	2.60	—	—	35	9	"
GOLD P	$460	16	9.50	275	14	—	—	"
		Dec. 87		March 88		June 88		
SILVER C	$700	6	80	—	—	—	—	$768
SILVER C	$800	9	26	2	75A	—	—	"
SILVER C	$900	—	—	2	25	—	—	"
		Oct. 87		Nov. 87		Dec. 87		
$/FL C	Fl.205	27	1.20	245	2.50	160	2.80	Fl.205.57
$/FL C	Fl.210	—	—	8	0.90	42	1.20	"
$/FL C	Fl.200	—	—	—	—	27	1.50	"
$/FL C	Fl.205	32	1	13	2.60	31	3.40	"
$/FL P	Fl.210	5	4.60	—	—	—	—	"
		Mar. 88		June 88		Sep. 88		
$/FL C	Fl.200	2	6.50	—	—	—	—	Fl.205.57
$/FL P	Fl.195	—	—	1	3.75	11	5.50	"
$/FL P	Fl.200	11	3.60	—	—	—	—	"

		Oct. 87		Jan. 88		Apr. 88		
ABN C	Fl.50	—	—	531	1.30	18	2.50B	Fl.46.10
ABN P	Fl.50	1295	4.40	784	4.30	15	4.90A	"
AEGON C	Fl.90	7	0.30	69	4.50	—	—	Fl.87.20
AEGON P	Fl.85	4	0.60	47	3.50	12	5	"
AHOLD C	Fl.100	124	2.60	—	—	—	—	Fl.102
AHOLD P	Fl.100	74	0.50	62	3.40	—	—	"
AHOLD C	Fl.100	56	2.60	—	—	—	—	"
AHOLD P	Fl.100	45	0.80	—	—	—	—	"
AKZO C	Fl.170	939	4.80	483	12.80	134	17	Fl.174
AKZO P	Fl.180	400	6.20	279	12	9	13	"
AMEV C	Fl.60	8	0.50	101	3.20	152	4.70	Fl.58.70
AMEV P	Fl.60	33	1.80	82	3.20	9	4.20A	"
AMRO C	Fl.85	3	0.10	168	3.40	128	5.50	Fl.81.70
AMRO P	Fl.85	253	3.50A	35	5.40	110	6	"
ELSEVIER C	Fl.56	225	2.50B	—	—	—	—	Fl.58.40
ELSEVIER P	Fl.60	263	2	135	4.40	1	6.50	"
GIST-BROC. C	Fl.50	40	0.30	208	2.80	16	3.70	Fl.48.20
GIST-BROC. P	Fl.40	—	—	115	0.60	—	—	"
HEINEKEN C	Fl.180	5	0.50	42	6	—	—	Fl.171.20
HEINEKEN P	Fl.170	133	1.20	57	5	5	8	"
HOOGOVENS C	Fl.45	66	2.30	16	4.70	—	—	Fl.46.80
HOOGOVENS P	Fl.45	128	0.30	268	2.40	38	3.50	"
KLM C	Fl.55	507	0.50	340	2.90	11	4.70	Fl.52.90
KLM P	Fl.55	446	2.70	460	4.60	130	5.50	"
NEDLLOYD C	Fl.200	—	—	90	10.50A	—	—	Fl.191
NEDLLOYD P	Fl.190	47	2.40A	31	11.80	—	—	"
NAT.NED. C	Fl.75	77	0.30	462	3	8	4.50	Fl.71.40
NAT NED P	Fl.70	60	0.50	281	2.80	54	4.30	"
PHILIPS C	Fl.55	731	0.20	701	2.10	184	3.50	Fl.52.30
PHILIPS P	Fl.55	199	2.90	472	4.10	40	5.20	"
ROYAL DUTCH C	Fl.270	1342	0.80	433	10	43	15.50	Fl.263
ROYAL DUTCH P	Fl.260	410	1.70	222	7	19	9.50	"
ROBECO C	Fl.100	3	11.20	—	—	—	—	Fl.111.30
ROBECO P	Fl.110	8	0.60	10	2.50	12	4	"
UNILEVER C	Fl.140	619	0.60	193	7	209	10	Fl.136.80
UNILEVER P	Fl.132	279	0.70	37	3.70	—	—	"

TOTAL VOLUME IN CONTRACTS: 51,837

A = Ask B = Bid C = Call P = Put

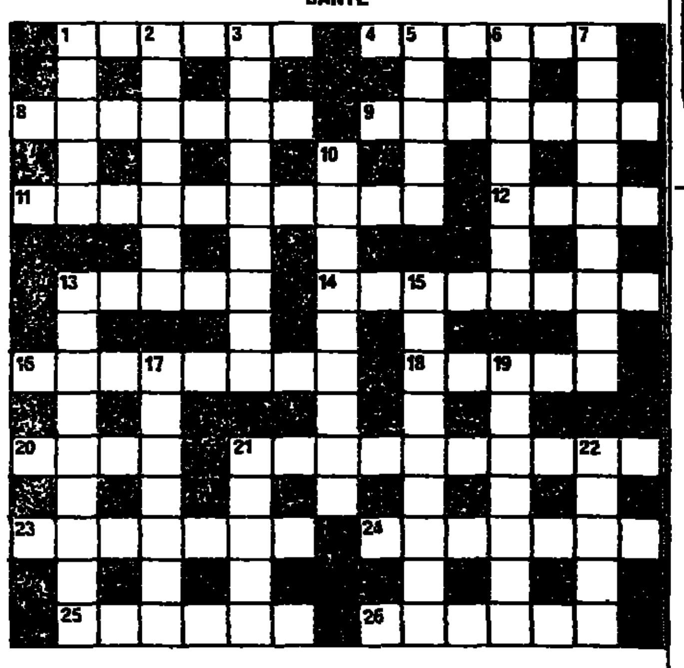
BASE LENDING RATES

	%		%		%
ABN Bank	10	● Charterhouse Bank	10	Nat Bk. of Kuwait	10
Adam & Company	10	Citibank NA	10	NatWestminster	10
Allied Arab Bk Ltd	10	City Merchants Bank	10	Northern Bank Ltd	10
Allied Dunbar & Co	10	Clydesdale Bank	10	Norwich Gen. Trust	10
Allied Irish Bank	10	Comm. Bk. N. East	10	PK Finans. Intl (UK)	10½
American Exp. Bk	10	Consolidated Cred	10	Provincial Trust Ltd	11
Amro Bank	10	Co-operative Bank	*10	R. Raphael & Sons	10
Henry Ansbacher	10	Cyprus Popular Bk	10	Roxburghe G'rantee	10½
ANZ Banking Group	10	Duncan Lawrie	10	Royal Bk of Scotland	10
Associates Cap Corp	10	Equat'l Tst C'p plc	10	Royal Trust Bank	10
Authority & Co Ltd	10	Exeter Trust Ltd	10½	Smith & Williamson Secs	10
Banco de Bilbao	10	Financial & Gen. Sec	10	Standard Chartered	10
Bank Hapoalim	10	First Nat. Fin. Corp	11	TSB	10
Bank Leumi (UK)	10	First Nat. Sec. Ltd	11	UDT Mortgage Exp	¶11.1
Bank Credit & Comm	10	● Robert Fleming & Co	10	United Bk of Kuwait	10
Bank of Cyprus	10	Robert Fraser & Ptrs	11	United Mizrahi Bank	10
Bank of Ireland	10	Girobank	10	Unity Trust PLC	10
Bank of India	10	Grindlays Bank	10	Western Trust	10
Bank of Scotland	10	● Guinness Mahon	10	Westpac Bank. Corp	10
Banque Belge Ltd	10	HFC Trust & Savings	10	Whiteaway Laidlaw	10½
Barclays Bank	10	● Hambro Bank	10	Yorkshire Bank	10
Benchmark Tst Ltd	10	Heritable & Gen. Tst	10		
Beneficial Trust Ltd	11	● Hill Samuel	§10		
Berliner Bank AG	10	C. Hoare & Co	10		
Brit Bk of Mid East	10	Hongkong & Shangh	10		
● Brown Shipley	10	Lloyds Bank	10		
Business Mtge Tst	10	Meghraj & Sons Ltd	10		
CL Bank Nederland	10	Midland Bank	10		
Canada Permanent	10	● Morgan Grenfell	10		
Cayzer Ltd	10	Mount Credit Corp. Ltd	10		

● Members of the Accepting Houses Committee. * 7-day deposits 5%. Sureswise 7.66%. Top Tier—£2,500+ at 3 months' notice 9.31%. At call when £10,000+ remains deposited. ¶ Mortgage base rate. § Demand deposit 4.98%. Mortgage 11.125%.

FT CROSSWORD PUZZLE No 6,450

DANTE



ACROSS

1 Back in a jiffy (6)
4 Periodical survey of the past (6)
8 High in graceful elegance but low in cunning (7)
9 I reel up, drunk and childish (7)
11 French writer's pseudonym (3,2,5)
12 Mark comes back to school (4)
13 Display of no interest? (5)
14 Man, for example, follows man in English city (8)
16 Fear of redundancy drove them to breaking point (8)
18 Hack to pieces wandering herds (5)
20 Is entertained by current record (4)
21 Ploughed a mowed estate for pasture (6,4)
23 Piped music (7)
24 Attack by a saint about one who became one (7)
25 Part of an Elgar composition—in D Minor? (6)
26 Like a bird's behind (6)

DOWN

1 Midnight oils put out in Irish county (5)
2 Alec brought up to assume it's porcelain (7)
3 A fresh run on the daily presses (9)
5 Give out centre part of text due for revision (5)
6 Airs composed by priest in Hebrew, perhaps (7)
7 Canned—as sardines are (4-5)
10 A foolish assumption of the old school (6,3)
13 Learning about Rugby Union issue (9)
15 Presses on to obtain answers (9)
17 Edward lifts small firm with spirit and dignity (7)
19 Hire again, free (7)
21 Port where mother embraces Bill with love (5)
22 Yarn spun by New York and half London (5)

Solution to Puzzle No 6,449

	F	R	E	N	C	H	M	I	S	T	R	E	S	S
T		E		I		A		S		R		A		L
O	N	S	E	T		N	O	S	T	A	L	G	I	A
P		E		R		D		U		N		E		N
H	A	R	N	E	S	S		E	N	S	U	R	E	D
A		V				T				I				E
T	R	O	O	P		A	G	G	R	E	S	S	O	R
		I		R		N		I		N		A		
S	U	R	R	E	N	D	E	R		T	I	M	E	S
T				T				A				A		O
R	E	S	P	E	C	T		N	O	S	T	R	I	L
E		U		N		A		D		W		I		A
A	R	M	A	D	I	L	L	O		A	T	T	I	C
K		U		E		O		L		R		A		E
S	U	P	E	R	I	N	T	E	N	D	E	N	T	

Company Notices

International Depositary Receipts representing shares Par Value $2.50 Common Stock J. P. Morgan and Company Incorporated

A cash distribution of $9.34 per Depositary share will be payable on or after the 22 October 1987 upon presentation of Coupon No. 70 at:

Morgan Guaranty Trust Company of New York
30 West Broadway
(Corporate Trust Department)
New York
35 Avenue des Arts
Brussels
Morgan House
1 Angel Court
London

at the designed rate less applicable taxes. This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan and Company Incorporated on 15 October 1987.

CANADIAN PACIFIC LIMITED
(Incorporated in Canada)

ONTARIO & QUEBEC RAILWAY COMPANY
5% DEBENTURE STOCK
6% COMMON STOCK

In preparation for the payment of the half-yearly interest payable on December 1 next, the Debenture Stock Transfer Books will be closed at 3.30 p.m. on November 2 and will be re-opened on December 2.

The half-yearly interest on the Common Stock will be paid on December 1 to holders of record on November 1.

D. R. KEAST
Deputy Secretary

Southside,
105 Victoria Street,
London, SW1E 6QT.
October 8 1987.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

	Bid Price	Offer Price	+ or −	Yield Gross
[illegible]				

[illegible]

FT UNIT TRUST INFORMATION SERVICE

Mercury Fund Managers—Contd.

Gilt	98.4	88.8	-0.1	7.81
(Accum Units)	105.1	105.6	-0.1	7.81
Global Fund	55.7	58.9	-0.3	0.63
(Accum Units)	55.7	58.9	-0.3	0.63
High Income Fund	56.2	59.4xd	-0.5	4.37
(Accum Units)	57.1	60.4xd	-0.4	4.37
High Interest Fund	44.4	46.9xd	....	9.58
(Accum Units)	45.8	48.4xd	....	9.58
Income	132.6	140.3xd	-1.4	2.70
(Accum Units)	153.1	162.0xd	-1.5	2.70
International	314.8	339.1	-2.2	1.86
(Accum Units)	393.9	416.8	-2.7	1.86
Japan	214.8	227.3	-0.6	0.49
(Accum Units)	220.5	233.3	-0.6	0.49
Pacific Fund	62.8	66.4	-0.5	0.10
(Accum Units)	62.8	66.4	-0.5	0.10
Recovery	338.2	357.8	-4.1	2.19
(Accum Units)	367.7	389.0	-4.5	2.19
UK Smaller Co's Fund	58.7	62.1xd	+0.2	1.99
(Accum Units)	59.3	62.7xd	+0.2	1.99

Merlin Fund Mngmnt Ltd
90 St James St, London SW1A 1HB 01-925 1277

Merlin Oct 7	645.0	654.5	+13.0	1.03

Metropolitan Unit Trust Mngrs Ltd
3 Darkes Lane, Potters Bar EN6 1AJ. 0707 45184

UK Income Fund	66.3	69.4xd	-1.5	4.32
Accum Units	65.9	70.1xd	-1.5	4.28
UK Growth Fund Acc	66.2	69.4	-0.6	1.40
Global Income Fund	52.0	55.3	-0.5	3.61
Accum Units	52.0	55.3	-0.5	3.61
Global Growth Fund	51.3	54.6	-0.8	0.46

Midland Bank Group UT Mngrs. Ltd
Courtwood House, Silver St, Head, Sheffield S1 3RD
Tel: 0742 769842

Capital	135.2	143.5	-1.0	1.07
(Accum Units)	186.8	198.3	-1.9	1.07
Commodity & Gen.	198.8	211.0	-1.9	1.27
(Accum Units)	283.8	301.2	-2.6	1.27
European Growth	137.8	146.3	-0.4	0.95
(Accum Units)	166.3	176.5	-0.5	0.95
Extra High Inc.	75.8	80.5xd	-0.4	6.15
(Accum Units)	94.4	100.2	-0.4	6.15
Gilt & Fxd. Int.	51.9	54.3xd	-0.1	8.59
(Accum Units)	92.3	96.4	-0.1	8.59
High Yield	234.0	248.3	-1.8	3.87
(Accum Units)	414.1	439.4	-3.1	3.87
Income	260.6	276.6	-2.6	2.69
(Accum Units)	442.5	469.5	-4.4	2.69
Intl High St UT	62.1	66.0	-0.4	1.77
Do. Accum	62.1	66.0	-0.4	1.77

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

PM Equity Growth	127.6	135.8	....	0.99
PM Income and Growth	108.4	115.4xd	....	2.87
PM N American Growth	59.6	63.4	....	0.32
PM European Growth	53.6	57.0	....	0.59
PM Japan Growth	71.7	76.2	....	0.35
PM Overseas Growth	58.2	61.9	....	0.41

Prudential Holborn Unit Trusts Ltd(a) (b) (c)
51-69 Ilford Hill, Ilford, Essex IG1 2DL 01-478 3377
Holborn LinkLine 0800 010345

Holborn Comm Tst.	86.8	91.8	-0.8	0.33
Holborn Equity Income	78.2	82.7	-0.5	3.11
Holborn Equity Tst.	616.9	652.7xd	-6.9	2.07
Holborn European Tst.	131.1	138.7	-0.4	0.40
Holborn Gilt Tst.	207.6	216.5	-0.5	2.20
Holborn High Inc Tst.	92.7	98.0xd	-0.9	4.40
Holborn Intl Grth Tst.	128.3	135.7	-1.7	0.64
Holborn Intl Em Cos.	48.6	51.4	-0.3	0.05
Holborn Japanese Tst.	140.0	148.1xd	-0.8	0.04
Holborn N. Amer. Tst.	98.3	104.0	-2.9	0.47
Holborn Sml Cos Tst.	84.9	89.8	-0.1	1.30
Holborn Spec Sits Tst.	113.2	119.7	-1.0	1.22
Holborn UK Growth Tst.	124.3	131.5	-1.0	1.42

Quilter Management Co Ltd
31-45 Gresham Street, London EC2 01-600 4177

Quadrant Gen. Fd.	693.1	733.5xd	....	1.39
Quadrant Income	352.2	372.8	....	3.56
Quadrant Intl. Fund	469.1	496.5	....	1.01
Quadrant Spec. Sits.	492.5	521.2xd	....	1.12

Reliance Unit Mgrs. Ltd
Reliance House, Tunbridge Wells, Kent 0892 510033

British Life	253.3	269.4xd	-2.4	2.24
Reliance Unit Tst (Inc)	179.1	190.5xd	-1.3	1.98
Reliance Ut Tst (Acc)	242.1	257.5	-1.7	1.38

Rensburg Fund Managers
Stithouse Cl., Tithebarn St., Liverpool. 051-227 2030

Internat. Growth Trust	52.5	55.9	....	1.49

N.M. Rothschild Fund Mgmt
St Swithin's Lane, London EC4 01-634 2983/4

NC America (Inc)	335.1	356.4	-7.2	0.64
NC America (Acc)	369.7	393.2	-8.0	0.64
NC Inc Fd.	133.4	141.9	-1.1	2.91
NC Japan Fd.	220.9	235.0	-0.7	0.00
NC Major UK Cos Fd.	74.7	79.4	-0.8	1.69

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INSURANCES

[illegible]

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Manufacturers Life Insurance—Contd.

Gilt-Edged Int	274.8		—
Do Accum	277.5		—
Guaranteed Int.	159.2		—
Do. Accum	196.6		—
International Int.	525.7		—
Do Accum	647.7		—
Index Lk. Gilt Int.	112.3		—
Do Accum.	163.2		—

Merchant Investors Assurance
Leon House, 233 High St, Croydon 01-686 9171

Property	321.1	+0.3	—
Property Pens.	435.2	+0.4	—
Equity	206.4	-1.1	—
Equity Pens.	946.9	-7.2	—
Money Market	296.2	-0.7	—
Money Mkt. Pens.	533.9	-1.3	—
Deposit	240.2	+0.1	—
Deposit Pens.	385.3	+0.2	—
Managed	308.6	-0.9	—
Managed Pens.	603.3	-2.7	—
Intl. Equity	369.6	-1.9	—
Do. Pens.	608.1	-3.6	—
Intl. Managed	334.4	-1.2	—
Do Pens.	507.2	-3.1	—
North American	134.6	-2.7	—
Do. Pens.	155.3	-4.5	—
Far East	308.1	-0.1	—
Do. Pens.	461.4	-0.2	—
Intl Currency	168.9	-0.4	—
Do. Pens.	217.9	-0.8	—
Index Linked	124.6	-0.4	—
S & C Managed Fd.	144.5	-0.3	—
S & C Pens Mngd Fd	119.0	-0.3	—
Sell Chambers	131.8	-0.2	—
Laran & Loran	121.4	-0.3	—
Milton Mngd Fnd		.....	—
Trustbank Life Funds			
Per Worldwide Rec.	175.6	-0.5	—
Per Far East Growth	227.7	+0.4	—
Per Intl Growth	170.4	+0.1	—
Per Income	179.2	-1.6	—
Per Emerging Co's	167.1	-0.3	—
Per American Growth	152.8	+1.5	—
Per European Growth	141.6	+0.0	—
Fra American & Gen	125.4	-1.7	—
Fra Capital	188.2	+0.1	—
Fra Income	198.1	-0.2	—

Norwich Union Asset Management Ltd
PO Box 124, Norwich NR1 1JS 0603 683986

NUAM Funds				
Managed Fund	58.7	61.8	-0.4	—
Stock Market Mngd Fund	60.8	64.0	-0.5	—
Equity Fund	65.9	69.4	-0.4	—
International Fund	56.9	59.9	-0.9	—
European Fund	60.2	63.4	-0.3	—
North American Fund	51.0	53.7	-1.4	—
Pacific Fund	66.1	69.6	-0.2	—
Property Fund	52.9	55.7	...	—
Fixed Interest Funds	47.9	50.5	-0.3	—
Index Linked Sec Fund	44.4	46.8	-0.4	—
Deposit Fund	51.6	54.4	.....	—
NUAM Retirement Plans				
Mixed Fund	63.8	67.2	-0.5	—
UK Ordinary Share	77.7	81.8	-0.5	—
International Fund	58.6	61.7	-0.9	—
Property Fund	52.9	55.7	.....	—
Fixed Interest Fund	49.9	52.6	-0.2	—
Index Linked Sec Fund	45.1	47.5	-0.2	—
Deposit Fund	53.6	56.5	...	—
NUAM (MF)				
Managed Fund	808.7	851.3	-6.3	—
Equity Fund	1756.9	1849.9	-13.0	—
Property Fund	328.9	346.3	...	—
Fixed Interest Fund	353.6	372.3	-1.2	—
Deposit Fund	211.0	222.2	...	—
International Fund	147.6	155.4	-2.3	—
Index Linked Sec Fund	44.5	46.9	-0.4	—

Norwich Union Life Insurance Soc.
PO Box 4, Norwich NR1 3NG 0603 622200

Pensionvestor & Unit-Linked Plus				
Fixed Interest Fund	249.8	262.9	...	—
Index-Linked Sec Fund	127.8	134.5	-0.4	—
Ordinary Share Fund	564.3	594.0	+6.3	—
International Fund	150.3	158.2	-0.7	—
Property Fund	164.0	172.6	-0.7	—
Deposit Fund	168.2	177.0	+0.2	—
Mixed Fund	355.2	373.0	+1.6	—
Norwich Units Sep 15	1018.4		.....	—

*Prices as at June 30.

Pearl Assurance (Unit Funds) Ltd
252 High Holborn, London WC1V 7EB 01-405 8441

Prop. Dist. (Gross.Nz)	152.2	165.5	...	—

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

1987 High	1987 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
53	42	Greek 7pc Ass.	53		3.50	16.80
52	40	Do. 6pc 28 Stb. Ass.	52		3	15.77
50	45	Do 4pc Mixed Ass.	50		2	14.23
66	58	Hung. '24 Ass.	65		2.75	14.23
146½	122½	Hydro Quebec 15pc 2011	130¼		15.00	11.29
136½	115½	Iceland 14½pc Ln 2016	121½		14.50	11.82
103½	94	Ireland 9¾pc '91-96	95		9.75	11.53

AMERICANS

Continued on next page

Money Market Bank Accounts

Phillips & Drew Trust Ltd
120 Moorgate, London EC2M 6XP 01-628 9771
High Int Chq Acc. 9.625 7.24 7.44 Qtr

Provincial Trust
30 Ashley Rd, Altrincham, Cheshire 061-928 9011
H.I.C.A. (£1,000+) 9.750 7.34 10.40 Mth

Royal Bank of Scotland plc
42 St Andrew Sq, Edinburgh EH2 2YE. 031-557 0201
Premium Account 9.00 6.77 9.52 Qtr

Save & Prosper/Robert Fleming
28 Western Rd. Romford RM1 3LB. 0708 766966
H.I.B.A. 8.77 6.60 9.35 Daily

Tyndall & Co Ltd
29-33 Princess Victoria St, Bristol 0272 732241
Demand Acc 9.37 7.05 9.91 Qtr
Money Acc 9.30 7.00 9.84 Qtr
Client Plus Acc. 9.25 6.96 9.78 Qtr

J. Henry Schroder Wagg & Co Ltd
Enterprise House, Portsmouth 0705 827733
Special Acc. 8.75 6.58 9.29 Mthly
£10,000 and above 9.00 6.77 9.67 Mthly

Western Trust & Savings Limited
The Moneycentre, Plymouth PL 1SE 0752 224141
High Int Chq Acc 10.00 7.53 10.63 Qtr

Wimbledon & South West Finance Co Ltd
114 Newgate St, London EC1A 7AE. 01-606 9485
High Int Cheque Acc 10.00 7.53 10.61 Qtr

NOTES—Gross: rate to those exempt from composite rate of tax. Net: actual rate after deduction of CRT. Gr Equiv CAR: Gross equivalent to basic rate taxpayers—compounded annual rate. Int Cr: frequency interest credited.

UNIT TRUST NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. † Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ϕ Yield column shows annualised rates of NAV increase. xd ex dividend.

Money Market Trust Funds

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39	27¼	Rep NY Corpn $5	32¼	–⅛	$1.16	—	2.2
18⅛	14¼	Rockwell Intl. $1	14⅛	–⅛	66c	—	2.8
30	22	Sara Lee $1	27	–	$1.00	—	2.3
11	8⅞	Saul (B. F.) $1	11⅛	–	20c	—	1.1
27½	21¼	Southwestern Bell $1	26¼	–⅛	$2.32	—	5.4
19⅝	14¼	Staley Continental	18½	–⅛	80c	—	2.7
44	34⅛	Sun Co. Inc. $1	36	–2¼	$3.00	—	5.1
42¼	28½	TRW Inc. $0.625	39	–	$1.60	—	2.6
37⅝	25⅝	Tenneco $5	37⅞	+	$3.04	—	5.0
220	149½	Do. 10pcLn.Stk. 91-5	220	.....	10%	—	4.7
29⅝	17	Texaco $6.25	25	–⅛	$3.00	—	7.4
74	47⅞	Time Inc. $1	64	–2	$1.00	—	0.9
19⅝	11	Tracor $0.33	19½	–¼	40c	—	1.3
30¼	18⅞	Transamerica $1	25⅞	–1¼	$1.84	—	4.4
14½	1⅛	Transworld Corp $5	12½	–¼	20c	—	1.0
27⅝	14⅞	TRINOVA Corp.	25½	–1	$1.00	—	2.4
24	15	USX $1	22⅝	–	$1.20	—	3.3
19⅝	15	Union Carbide $1	18⅝	–1	$1.50	—	4.9
37⅞	26⅞	Utd. Technologies	34⅛	–1¼	$1.40	—	2.5
38⅝	27	US West	35¼	–¼	$3.28	—	5.7
30½	17	Waste Management $1	27⅛	–1½	—	—	—
£31½	£20½	Whirlpool $1.0	£21½	–⅞	—	—	—
37⅞	26	Woolworth $3½	28⅞	–1¼	$1.32	—	2.8

CANADIANS

1987 High	Low	Stock	Price	+ or –	Div Gross	C'vr	Y'ld Gr's
691p	362p	AEM. Gold Corp	425p	+27	—	—	—
21½p	10p	Abitibi Energy Corp.	18¼p	....	—	—	—
18⅝	50bp	Amer. Barrick Res.	16½	+¼	—	—	—
136p	32p	Amer. Daleco	81½p	+2	—	—	—
141p	37¼p	American Lightwave	37¼p	–3	—	—	—
123p	52p	Arm.	77p	–5	—	—	—
19⅝	13⅞	Bk. Montreal	13⅞	–¼	$2.00	—	6.6
10½	664p	Bk. Nova Scotia	664p	–34	72c	—	5.0
20⅝	17¼	BCE	18	–¼	$2.40	—	6.1
10⅛	712p	Bow Valley	915p	–18	40c	—	2.0
20	12⅞	Brascan	18⅛	–¼	88c	—	2.2
609p	277p	Brascade Res.	397p	–1	—	—	—

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Cont

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Cont.

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

[illegible]

INDUSTRIALS—Continued

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Continued

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
412	305	PWS Holdings 10p	333	–5	u10.5	2.9	4.4	12.2
509	316	Pearl Group 5p	500	+7	†10.5	—	2.9	—
*£11¼	804	Prudential	£11¼	.....	†29.0	—	3.6	—
593	433	Refuge 5p	588	.....	15.75	—	3.7	—
595	423	Royal	588xd	+13	†&15.5	—	3.6	—
108	93	Saltire Ins. Invs.	108	.....	—	—	—	—
*345	274	Sedgwick Group 10p	293	–1	12.0	1.7	5.6	12.5
339	207	Steel Burrill J.10p	240	.....	†9.0	2.0	5.1	13.4
668	403	Stewart Wr. 20p	618	.....	♦13.0	2.0	2.9	21.9
622	377	Sturge Hldgs 20p	510	–9	†t6.0	2.5	1.6	33.4
£12¾	645	Sun Alliance	£12	+⅛	†23.5	—	2.7	—
£12¾	929	Sun Life 5p	£12¾	+¼	†28.5	—	3.0	—
£69¼	£39	¶Taisho M 50Y	£45	–2¼	Q10%	—	0.9	—
£22¼	£14¾	Torchmark $1.00	£18	–⅝	Q$1.00	—	3.3	—
390	235	Trade Indemnity	390xd	+5	14.3	—	1.5	—
£34	£24⅞	Travelers $1.25	£27⅝	–½	$2.28	—	5.1	—
£30¼	£22⅝	USF & G Corp $2.50	£24⅝	–⅜	Q$2.48	—	6.2	—
£33⅛	£20⅞	USLIFE Corp. $1.0	£23½	–⅝	Q$1.20	3.2	3.1	5.2
728	555	‡Utd Friendly B 10p	718	–5	21.0	—	4.0	—
464	345	Willis Faber 12½p	425xd	+1	†10.75	2.4	3.5	15.8
128	41	Windsor Secs. 10p	115	–1	†0.7	1.5	0.8	—

LEISURE

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
35½	11½	‡A & M Group 10p	24	–1½	—	—	—	♦
242	121	Antoers 10p	195	–2	R5.4	2.5	3.9	14.2
*549	302	Anglia TV	494	–1	†g11.25	3.3	3.3	13.7
308	78	Arley	296xr	.....	—	—	—	—
194	108	‡Aspinall Hldgs. 10p	173	–2	♦6.0	1.2	4.8	23.7
141	63	‡Avesco 1p	110	+2	0.5	6.7	0.6	32.1

MOTORS

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING—Continued

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Cont.

TOBACCOS

TRUSTS, FINANCE, LAND

FINANCE, LAND—Cont.

OIL AND GAS

OIL AND GAS—Continued

OVERSEAS TRADERS

PLANTATIONS

MINES

MINES—Continued

THIRD MARKET

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ⊕ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ⁑ Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✣ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- ♦ Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ǁ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xl ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –	Stock	Price	+ or –
Albany Inv 20p	98xd	.....	Fin. 13% 97/02	£103¼	+⅛
Craig & Rose £1	730	–33	Arnotts	365	.....
Finlay Pkg. 5p	111xd	–1	CPI Hldgs	87	–1
Holt (Jos) 25p	£10½	.....	Carrol Inds.	189	.....
IoM Stm. £1	293	.....	Dublin Gas	40s	.....
			Hall (R. & H.)	195	.....
IRISH			Heiton Hldgs.	70	–4
Fund 11¼% 1988	£100½d	.....	Irish Ropes	185	.....
Nat. 9¾% 84/89	£98½	.....	Unidare	430	.....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p		
Allied-Lyons	40	NEI	13
Amstrad	19	Nat West Bk	65
BAT	62	P & O Dfd	65
BOC Grp	50	Plessey	20
BSR	17	Polly Peck	34
BTR	36	Racal Elect	32
Babcock	32	RHM	35
Barclays	52	Rank Org Ord	70
Beecham	52	Reed Intnl	50
Blue Circle	50	STC	30
Boots	30	Sears	16
Bowaters	50	TI	37
Brit Aerospace	50	TSB	12
Brit. Telecom	29	Tesco	18
Burton Ord	32	Thorn EMI	65
Cadburys	25	Trust Houses	25
Charter Cons.	45	Turner Newall	26
Comm Union	34	Unilever	62
Courtaulds	45	Vickers	20
FNFC	32	Wellcome	42
Gen Accident	95	**Property**	
GEC	22	Brit Land	30
Glaxo	200	Land Securities	50
Grand Met	50	MEPC	48
GUS 'A'	125	Peachey	40
Guardian	95	**Oils**	
GKN	38	Brit Petroleum	32
Hanson Tst.	17	Britoil	30
Hawker Sidd	58	Burmah Oil	52
ICI	125	Charterhall	10
Jaguar	52	Premier	11
Ladbroke	45	Shell	125
Legal & Gen.	32	Tricentrol	11
Lex Service	45	Ultramar	26
Lloyds Bank	35	**Mines**	
Lucas Inds.	75	Cons Gold	125
Marks & Spencer	22	Lonrho	28
Midland Bk	45	Rio T Zinc	100
Morgan Grenfell	55		

A selection of Options traded is given on the London Stock Exchange Report Page.

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Sept 28	Oct 8	Oct 9	Oct 19
Oct 12	Oct 22	Oct 23	Nov 2
Oct 26	Nov 5	Nov 6	Nov 16

* New time dealings may take place from 9.00 am two business days earlier.

Government bonds end firmly and equity sector rallies from early losses

The UK securities markets staged a determined resistance yesterday to the baleful influences from across the Atlantic. Equities closed well above the day's lows, helped by a steadier opening trend on Wall Street, while Government bonds ended firmly, undisturbed by moves to higher base rates by major US banks.

The session opened nervously in the wake of the 90-point fall in the Dow Average overnight. The FT-SE index (the Footsie) was about 30 points off before London's official opening but saw only modest selling. A good recovery was made, reducing the Footsie loss to a net 8 points before the London market turned down again as US bank rates moved upwards.

However, prices staged a second rally, and the FT-SE 100 ended with a net fall of only 8.1 at 2,359.8. Speculative activity, often a sign of market confidence, was renewed towards the close, when shares in Ferranti attracted buyers. At 1,853.5, the FT Ordinary Index ended 4.8 lower.

The firmness of the UK Gilts market underpinned the equity market's performance. Gilts were ¼ off in early trading but traders were undismayed by the pressures towards higher interest rates in New York and Tokyo.

The City view is that UK rates have unlatched themselves from international influences at present. The UK economy appears to be on course, and sterling remains very firm. The UK Chancellor of the Exchequer, due to address the Conservative Party Conference today, said yesterday he was satisfied with a pound at current levels of around $1.64.

Thus, while there was little retail interest in UK bonds, the sector responded quickly to a closing rally in the bond futures, and ended with net gains of ¼ at the long end, and medium dates unchanged on the day.

Banner Homes, builders of sheltered housing in the home counties, staged a highly successful debut in he Unlisted Securities Market; the shares, placed at 105p, opened at 110p and moved up to 135p, a first-day premium of 30.

The latest beer production numbers exacerbated an easier trend in the Brewer sector. **Allied-Lyons** led the way with a fall of 8 to 434p and **Bass** came back 14 further to 970p, but **Whitbread "A"** were more resilient and eased only 3 to 340p. Hopes of early developments concerning the sale of Schenley Industries' stake underpinned **Guinness** which, in a moderate trade, improved 4 to 375p. Regional issues highlighted **Buckley's**, down 7 to 232p as Account operators took profits, and **Boddington**, which improved further to the year's highest of 157p, up 7½.

Leading Buildings suffered an initial mark-down, but in the absence of any genuine selling, staged a moderate rally to close only marginally cheaper on balance. **Redland** traded briskly—some 2.2m shares changed hands including a block of ¾m shares at 527p; Philips and Drew reprtedly did most of the business and the price closed 5 higher at 529p. **Aberdeen Construction** rose 13 to 353p following details of a recommended share exchange offer, with cash alternative of 350p per share worth around £63m from **Raine Industries**; the latter settled 6 lower at 150p, after 148p. Good preliminary figures and a proposed two-for-one scrip issue boosted **John Maunders** 9 to 339p, while excellent half-year results and a confident statement lifted **Higgs and Hill** 27 to 430p.

Plastic products manufacturer **Thurgar Bardex** shed 7 to 100p after revealing disappointing interim results.

Equities, while clearly more volatile in the face of Wall Street's setback, still accorded a ready reception to the scattering of special situations in the marketplace.

Losses in such leading names as British Gas, Imperial Chemical Industries and BAT Industries were small. The influence of the US markets dragged oil shares back but selling was not on any serinous level.

Insurance shares, often highly sensitive to interest rates moves, made little response to higher base rates in the US, a major source of income for most of the big names. Royal gained ground as its ADRs began trading in the US markets. Among retailers, Dixons, which postponed its ADR issue, closed firmly.

The premium price paid by Northern Telecom for a 24 per cent stake in STC set the high technology sector alight. Also very active was Fisons after Nomura Securities took a second look at the company's Aerosol Pentamidine AIDS treatment, and recommended the shares. Dr Ahnam Banerji, Nomura's pharmaceuticals specialist, regards the new product, now recognised as an "orphan drug" by the US Food and Drug Administration, as "potentially extremely good for Fisons."

The banking sector was noteworthy for the resilience of the major clearers, and firmness among Merchant Banks as bid speculation revived. **Kleinwort** moved up 12 to 605p and **Morgan Grenfell** firmed 4 to 577p.

Insurances highlighted **Royals** rose 13 to 588p following comment on the response to Royal Life Fund Management unit trusts. Royal announced yesterday that it is seeking a listing oi the New York Stock Exchange—the first British insurance company to do so. It is also setting up an ADR programme, but neither move will involve the issue of new shares and it is expected that the ADRs will be traded early next year. Among Life Insurances, Equity and Law, after a brief suspension, settled 10 lower at 444p following the recommended offer for the company from Compagnie du Mid (UK), Mr Ron Brierley's IEP Securities has agreed to accept the offer and has withdrawn its bid of 450p per share.

High Street retailers often escaped the surrounding dullness. **Burton** maintained a positive profile as the group continued to develop its image in the US. A further presentation is planned for the autumn followed by a visit next spring, and an ADR listing is also being sought. **Dixons** has postponed an intended ADR issue but is proeeding with a US listing; depressed market conditions in the American speciality retail sector are the reason for the postponement. **Woolworth** were little changer after the announcement that a syndicated £250m multiple option facility with N.M. Rothschild had been arranged.

Secondary Stores presented bright features in **Debfor**, up 16 more at 448p, and **Lloyds Chemists**, 10 higher at 325p, both still mirroring trading statements. Mail Orders were quieter and **Empire** eased to 284p; major shareholders **Geces Spa** has increased its stake fractionally to 19.7 per cent.

High technology stocks were the centrepiece of the market. Northern Telecom's purchase of the ITT stake in STC sparked all manner of speculation and quotes that if the last-named "did not buy it would be bought". Another heavy trade ended with STC 9½ higher at 316½p, with the market assuming the group would intervene and scupper the proposd **Ferranti** merger with **International Signal**. **Ferranti** went higher late to close 6½ higher at 146½p as other names appeared in the frame including British Aerospace, Thorn EMI and Plessey. **British Telecom** steadied late, helped by tomorrow's mobile communications presentation to City brokers. Trading news encouraged firmness in **Densitron**, 3 better at 82p, and in **Micros Focus** 7 dearer at 180p, while revived bid speculation took **Crystalate** up 10 to 283p.

Engineers recorded several bright spots. **Trace** responded to a newsletter recommendation with a gain of 10 at 450p, while **James Dickie**, refelecting stakebuilding suggestions, advanced 20 to 185p. **Ash and Lacy** continued firmly at 705p, up 15, following satisfactory interim figures, while the export order worth around £10m left **Westland** a few pence better at 135p. However, the proposed acquisition of Kendal Electric, failed to help **Hokinsons Holdings** which eased 3 to 160p.

Dee Corporation regained a measure of stability after being hit recently by a series of downgraded profits forecasts from security houses. The recovery inevitably aroused speculation of takeover possibilities, which stimulated further buying interest and brought a close of 12 higher at 219p. A US marketmaker showed marked enthusiasm for **Cadbury Schweppes**, but the demand was well met and the shares improved only marginally to 284p. Elsewhere in the sector the tone was dull. **Northern Foods** experienced a lull in the recent buying and slipped to 316p, while **Argyll** fell 5 more to 230p and **Bejam** shed 5 to 253p. **Sims Catering** lost firmness at 445p, down 20.

Grand Metropolitan responded to a presentation given by Wood Mackenzie in London to Japanese investors, gaining 13½ to 581p. **Trusthouse Forte** lost impetus initially but rallied to finish a net 3 better at 277p.

Fisons remained in the limelight as investors pinned their hopes on prospects for the company's new anti-Aids therapy which was announced on Tuesday. A big turnover developed in the shares (20m) which advanced strongly to close 16 up at 379p with US buyers reported to be showing a keen interest. **Glaxo**, in contrast, continued to drift lower awaiting next Monday's annual results and closed ⅛ cheaper at £17.

Dealings resumed in **Hawtal Whiting** at 383p compared with the suspension price of 524p following the announcement that **First Security** had withdrawn its offer; the latter gave up 20 to 435p. Disappointing interim figures prompted selling of **Johnston Group** which fell away sharply to close 105 cheaper at 540p, but news of a recommended offer from Charles Baynes left **Technical Component Industries** with a rise of 9½ at 570p. **Charles Baynes** improved 6 to 133p. **British Airways** were a lively market (some 13m shares changed hands) and closed 9 to the good at 225p. **Minty** were noteworthy for a rise of 50 to 600p in a restricted market, while satisfactory trading news prompted a rise of 8 to 271p in **Plumb Holdings**. **Vinten**, the subject of a recent chart "buy" signal, improved 10 to 255p.

The Leisure sector displayed several bright features. **Thames TV** were a particularly strong performer, rising 13 to 493p on news that the company had signed a US$4.5m deal to make Jack the Ripper, a four-part mini series about the brutal murders in London's East end for showing on ITV and the American network CBS. As yet, County Natwest has not revised its 1988 profit forecast for Thames. It expects profits in the region of £28m and estimate the earnings per share at 36.8p. **Chrysalis** attracted support following an investment recommendation and rose 11 to 271p.

Blenheim advanced afresh to 860p up 30 for a two-day rise of 90 in response to the acquisition of PEL which promotes and organises exhibitions.

Leading Properties were inclined easier with **Land Securities** closing 4 cheaper at 579p and **MEPC** 7 off at 541p. Among the occasional bright spots elsewhere in the sector, **Hardanger**, still responding to a recent newsletter recommendation, moved up 10 further to 955p. **Southend Stadium** firmed 5 to 239p after the interim results and proposed rights issue to rise £39m. **Randsworth Trust**, inclined easier initially, rallied to settle a couple of pence better at 244p on the announcement that the company has acquired substantial leasehold interests in Gordon House, Gotch House and New Mercury House, Farringdon Street, in the city of London for a cash consideration of £7m.

Textiles were noteworthy for a fall of 12 to 258p in **Sanderson Murray and Elder** on the rejection of the bid approach from Sir James Hill and Son. **A. Beckman**, however, edged up a few pence to 178p in response to the preliminary figures.

Irregular movements among miscellaneous Financials included **Smith New Court**, which lost 5 further to 313p on end-Account profit-taking, and **Haw Par**, up 7 further at 205p reflecting Far Eastern influences.

The overnight setback on Wall Street, combined with reports that the Opec agreement appears under strain prompted renewed weakness in the Oil sector. **British Petroleum** shed 3 to 369p and **Shell** shed ¼ to £13½. **British Gas** were 3 off at 171p and **Britoil** 4 cheaper at 326p. **Lasmo** gave up 8 at 368p and **Enterprise** dipped 8 to 327p. Against the trend, **Ultramar** attracted revived speculative support and touched 312p prior to closing 7 higher at 302p. Among Irish stocks, dealings resumed in **Bula Resources** at 9¾p compared with the suspension price of 10p following details of the placing of 50m new ordinary shares at 8p sterling.

Strengthening convictions that the group was more vulnerable to a bid after Monday's gloomy mid-term results swept **James Finlay** higher and the close was 13 up for a two-day gain of 21 to 128p. **Lonrho** also resumed prominence, rising 7 to 346p, while **Tozer Kemsley** emerged for a spell of inactivity with a rise of 5 to 143p.

Traded option activity continued apace with 52,710 contracts struck—31,931 calls and 20,779 puts. **British Airways** calls attracted 4,497 contracts, 1,922 in the January 220's. **Rolls-Royce** registered 2,028 puts, 1,005 of which were in the January 196's. **Sears** recorded 2,310 puts, virtually all in the December 180's.

FINANCIAL TIMES STOCK INDICES

	Oct. 7	Oct. 6	Oct. 5	Oct. 2	Oct. 1	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	85.65	85.74	85.86	85.65	85.72	82.49	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	91.90	91.88	91.76	92.16	91.84	89.56	99.12 (15/6)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1853.5	1858.3	1873.7	1872.3	1860.9	1248.1	1,926.2 (16/7)	1,320.2 (2/1)	1,926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	450.4	444.6	439.6	438.2	444.9	333.5	497.5 (4/8)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.17	3.16	3.14	3.14	3.16	4.45				
Earnings Yld.%(full)	7.78	7.76	7.70	7.68	7.72	10.23				
P/E Ratio (net) (*)	15.72	15.78	15.89	15.94	15.86	11.99				
SEAQ Bargains (5 pm)	36,404	37,443	44,261	37,884	37,996	—				
Equity Turnover (£m)	—	1811.44	1658.21	1535.16	1766.02	532.27				
Equity Bargains	—	45,596	54,153	41,900	43,529	19,700				
Shares Traded (ml)	—	559.3	681.4	523.0	622.7	236.5				

S.E. ACTIVITY

Indices	Oct. 6	Oct. 5
Gilt Edged Bargains	103.8	104.3
Equity Bargains	295.4	350.9
Equity Value	3661.4	3351.7
5-Day Average		
Gilt Edged Bargains	105.9	108.4
Equity Bargains	295.5	293.5
Equity Value	3501.6	3632.3

♥ Opening 1841.4 | 10 a.m. 1848.7 | 11 a.m. 1843.7 | Noon 1846.2 | 1 p.m. 1846.7 | 2 p.m. 1846.4 | 3 p.m. 1850.8 | 4 p.m. 1851.1

Day's High 1853.5 Day's Low 1840.9. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 15.67 * Nil=15.50.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Traditional Options

- First dealings Oct 5
- Last dealings Oct 16
- Last declaration Jan 7
- For Settlement Jan 18

For rate indications see end of London Share Service

Stocks to attract money for the call included **Polly Peck, Knobs and Knockers, Oliver Resources, Common Brothers, Aran Energy, Control Securities, Reliant Motors, Greenwich Resources, Costain, Rothmans, Blacks Leisure, Oliver Prospecting, Holmes Protection, Storehouse, Singer and Friedlander** and **Trusthouse Forte**. No puts were reported, but double options were arranged in **Polly Peck** and **Abaco**.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	2,400	205	+1	ICI	1,200	£16¼	—
Allied Lyons	1,600	434	−8	Jaguar	1,000	568	−4
Amstrad	2,000	168	−5	Ladbroke	995	457	+3
Argyll Group	2,900	230	−5	Land Securities	801	579	−4
Assoc. Brit. Foods	283	370	−4	Legal & Gen.	1,600	352	+3
BAA	5,500	147½	+4½	Lloyds Bank	573	353	—
BAT	2,800	697	−4	Lonrho	3,900	346	+7
BET	1,400	296	−5	Lucas	390	769	−7
BICC	503	419	−3	MEPC	1,000	541	−7
BOC	1,400	565	−3	Marks & Spencer	2,200	235	−2
BPB Inds	1,900	335	+1	Midland Bank	1,900	533	−5
BPCC	624	359	−3	Natwest Bank	1,000	762	−3
BTR	1,500	350	−5	Next	1,600	355	+2
Barclays	1,400	628	−2	Pearson	180	965	—
Bass	271	970	−14	P & O	512	716	−5
Beecham	1,000	561	−5	Pilkington Bros	6,100	314	+3
Blue Arrow	2,300	166	—	Plessey	5,100	215½	+½
Blue Circle	689	480	−8	Prudential	234	£11⅛	—
Boots	1,800	308	+2½	Racal	1,900	338	−3
Brit. Airways	13,000	546	+6	Rank Org.	514	723	+4
Brit. Aero	1,700	546	+6	RHM	691	361	−1
Brit. & Comm.	679	525	—	Reckitt & Col	907	£10½	—
British Gas	5,200	171	−3	Redland	2,200	529	+5
Britoil	6,000	326	−5	Reed Intl	1,000	601	−8
BP	2,900	369	−3	Reuters	635	996	−6
Brit. Telecom	2,800	272	−1	RTZ	490	£13⅛	—
Bunzl	2,100	250	—	Rolls-Royce	3,250	209	−1½
Burton	5,600	303	+3	Rothmans Intl	1,100	433	−4
Cable & Wire	3,200	486	−9	Rowntree	200	556	−5
Cadbury Schwps	6,200	284	+1	Ryl Bank Scotland	1,000	435	−1
Coats Viyella	651	408	—	Royal Insurance	2,600	528	+13
Comm. Union	5,000	44½	+7	STC	15,000	316½	+9½
Cons. Gold	303	£14⅛		Sainsbury	1,600	272	−2
Cookson	314	812	−3	Scott & Newcastle	172	262	−1
Courtaulds	1,300	511	−5	Sears	2,500	167½	—
Dee Corpn	11,000	218	+2	Sedgwick	602	293	−1
Dixons Group	1,800	385	+3	Shell Trans	3,300	£13⅝	−⅛
English China Clays	1,500	567	+8	Smith & Nephew	1,800	194	+2½
Fisons	20,000	379	+16	Standard Chart	65	805	−3
Gen. Accident	153	£11⅞	+⅛	Storehouse	4,500	408	+1
Gen. Elect	3,700	233	−3	Sun Alliance	267	£12⅛	+⅛
Glaxo	1,100	£17	−⅛	TSB	1,300	137	−2
Globe Investment	81	190½	−1	Tarmac	1,500	301	−6
Granada	713	357	+1	Tesco	1,900	186	−1
Grand Met	4,400	591	+13½	Thorn EMI	1,600	716	−1
GUS "A"	336	£14	—	Trafalgar House	634	419	+1
Guardian R.E.	309	£10⅞	—	T'house Forte	5,400	277	+3
GKN	471	415	−1½	Ultramar	9,900	302	+7
Guinness	1,600	375	+4	Unilever	1,000	630	−4
Hammerson	45	680	−3	United Biscuits	780	319	−2
Hanson Trust	3,100	183½	−2½	Wellcome	703	557	+1
Hawker Sidd	1,000	613	+3	Whitbread "A"	1,400	340	−3
Hillsdown Hldgs	744	342	−4	Woolworth	1,700	352	−2

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (81)

AMERICANS (1), CANADIANS (1), BANKS (1), BREWERS (2), BUILDINGS (9), CHEMICALS (5), STORES (4), ELECTRICALS (2), ENGINEERING (3), INDUSTRIALS (17), INSURANCE (3), LEISURE (2), MOTORS (1), NEWSPAPERS (1), PAPERS (5), PROPERTY (3), SHOES (1), TEXTILES (1), TRUSTS (12), OILS (1), MINES (5), THIRD MARKET (1).

NEW LOWS (6)

AMERICANS (2) Allegheny & West, Amer Medical, CANADIANS (2) Bank Montreal, Bank Nova Scot, ELECTRICALS (1) Rodime, TRUSTS (1), Scot National Cap.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	49	37	26
Corporations, Dominion and Foreign Bonds	4	15	36
Industrials	299	737	544
Financial and Properties	85	277	263
Oils	13	61	40
Plantations	2	3	9
Mines	49	54	91
Others	31	165	52
Totals	532	1,349	1,061

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wed Oct 7 1987 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Tue Oct 6 Index No.	Mon Oct 5 Index No.	Fri Oct 2 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (214)	1005.58	−0.2	6.94	2.80	18.08	17.43	1007.43	1012.68	1013.26	652.08
2	Building Materials (30)	1239.67	−0.3	7.50	2.92	16.62	21.17	1243.23	1264.68	1261.30	747.10
3	Contracting, Construction (33)	1873.48	−0.1	6.56	2.68	20.37	27.76	1875.00	1884.64	1875.03	1126.34
4	Electricals (14)	2588.94	—	6.68	3.35	19.04	46.23	2589.98	2576.22	2570.04	1702.56
5	Electronics (34)	2171.56	−0.2	7.41	2.32	17.60	34.51	2176.09	2174.39	2177.39	1425.53
6	Mechanical Engineering (60)	540.07	+0.1	6.77	2.97	18.58	10.70	539.33	539.64	542.43	358.48
8	Metals and Metal Forming (7)	588.18	+0.3	6.82	2.78	17.80	8.88	586.30	591.62	588.84	325.41
9	Motors (14)	404.03	−0.2	7.24	2.79	16.16	5.75	404.80	406.92	408.39	267.24
10	Other Industrial Materials (22)	1704.02	−0.6	6.08	3.04	19.55	35.24	1713.55	1724.89	1728.69	1220.26
21	CONSUMER GROUP (183)	1364.74	−0.2	6.00	2.54	21.24	17.74	1367.58	1379.31	1379.86	906.63
22	Brewers and Distillers (22)	1225.05	+0.1	8.27	3.01	15.29	17.51	1223.44	1221.45	1227.23	913.91
25	Food Manufacturing (23)	1037.70	−0.6	7.10	3.00	18.18	16.30	1044.39	1050.88	1044.73	689.59
26	Food Retailing (16)	2481.11	+0.1	5.94	2.38	22.45	36.85	2478.91	2534.98	2551.47	1871.29
27	Health and Household Products (10)	2608.63	−0.1	3.97	1.55	29.19	16.41	2612.46	2634.44	2644.31	1499.11
29	Leisure (31)	1463.66	+0.1	5.56	3.02	22.49	27.70	1461.80	1474.28	1472.61	982.49
31	Packaging & Paper (15)	707.53	−0.6	5.96	2.57	22.08	10.75	712.10	717.42	714.49	458.97
32	Publishing & Printing (15)	4990.08	−0.9	4.06	2.84	31.60	67.81	5036.84	5070.66	5028.81	2526.53
34	Stores (35)	1107.51	−0.1	6.37	2.65	21.27	14.37	1108.37	1117.87	1116.74	826.97
35	Textiles (16)	891.27	−0.4	7.08	2.59	16.32	12.15	894.91	918.82	914.52	514.20
40	OTHER GROUPS (86)	1183.03	−0.4	7.36	3.00	16.92	28.55	1188.22	1191.86	1188.40	754.49
41	Agencies (17)	1726.04	−0.6	3.64	1.31	36.85	15.86	1737.11	1747.64	1744.02	0.0
42	Chemicals (21)	1539.92	−0.2	6.40	2.98	19.09	32.41	1542.33	1545.46	1542.68	977.55
43	Conglomerates (13)	1525.97	−0.7	6.74	3.07	16.97	22.10	1537.80	1538.11	1526.26	0.0
45	Shipping and Transport (11)	2387.87	+0.8	7.08	3.44	18.56	51.44	2369.16	2378.85	2393.78	1423.42
47	Telephone Networks (2)	1113.45	−0.7	9.11	3.63	14.65	18.98	1121.38	1120.93	1115.20	737.47
48	Miscellaneous (22)	1746.38	−0.6	8.69	2.70	13.73	32.28	1757.36	1773.70	1771.19	1052.61
49	INDUSTRIAL GROUP (483)	1238.28	−0.3	6.62	2.74	19.03	18.96	1241.53	1249.23	1248.65	809.49
51	Oil & Gas (17)	2241.72	−1.0	7.65	4.37	16.13	65.09	2264.60	2290.02	2283.80	1392.20
59	500 SHARE INDEX (500)	1323.57	−0.4	6.77	2.97	18.56	22.93	1328.47	1337.66	1336.60	858.37
61	FINANCIAL GROUP (119)	880.89	—	—	3.49	—	18.77	880.40	898.54	895.32	580.28
62	Banks (8)	866.25	−0.5	15.41	4.49	8.58	25.98	870.24	874.91	871.52	632.25
65	Insurance (Life) (9)	1236.18	+0.2	—	3.58	—	25.73	1233.61	1257.16	1239.72	815.30
66	Insurance (Composite) (7)	696.57	+1.3	—	3.96	—	15.97	687.79	700.88	688.96	451.84
67	Insurance (Brokers) (8)	1263.70	−0.2	8.79	4.53	14.56	36.87	1266.26	1274.24	1284.74	1230.29
68	Merchant Banks (12)	534.28	−0.2	—	2.42	—	8.31	535.42	535.50	535.13	317.54
69	Property (48)	1320.69	−0.4	3.67	2.24	35.22	14.54	1326.33	1335.99	1346.15	747.84
70	Other Financial (27)	592.86	−0.1	5.89	2.67	21.70	9.51	593.56	596.05	596.90	335.62
71	Investment Trusts (89)●	1196.07	−0.5	—	2.05	—	14.35	1202.66	1207.90	1207.31	788.33
81	Mining Finance (2)	694.51	—	6.58	2.52	17.26	10.41	694.51	684.62	685.79	332.66
91	Overseas Traders (10)	1325.70	+0.9	7.10	3.59	16.65	29.58	1313.96	1321.59	1318.34	676.48
99	ALL-SHARE INDEX (720)●	1210.10	−0.3	—	3.01	—	21.48	1213.82	1222.12	1220.66	782.10

	Index No.	Day's Change	Day's High	Day's Low	Oct 6	Oct 5	Oct 2	Oct 1	Sep 30	Year ago
FT-SE 100 SHARE INDEX ‡	2359.8	−8.1	2359.8	2346.7	2367.9	2385.8	2382.2	2373.2	2366.0	1587.8

FIXED INTEREST

	PRICE INDICES	Wed Oct 7	Day's change %	Tue Oct 6	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	120.17	+0.06	120.11	0.02	9.33
2	5-15 years	134.56	+0.15	134.35	—	10.50
3	Over 15 years	142.27	+0.32	141.81	—	10.29
4	Irredeemables	156.04	−0.35	156.59	—	8.81
5	All stocks	132.05	+0.15	131.86	0.03	10.15
	Index-Linked					
6	5 years	119.71	−0.09	119.82	—	2.18
7	Over 5 years	109.28	−0.79	110.15	—	2.60
8	All stocks	109.99	−0.72	110.79	—	2.55
9	Debentures & Loans	114.44	−0.03	114.47	—	8.07
10	Preference	83.21	+0.43	82.86	—	4.89

	AVERAGE GROSS REDEMPTION YIELDS		Wed Oct 7	Tue Oct 6	Year ago (approx.)
	British Government				
1	Low	5 years	9.58	9.60	9.69
2	Coupons	15 years	9.86	9.89	10.36
3		25 years	9.69	9.71	10.37
4	Medium	5 years	10.29	10.31	11.23
5	Coupons	15 years	10.12	10.15	10.76
6		25 years	9.90	9.91	10.39
7	High	5 years	10.36	10.39	11.34
8	Coupons	15 years	10.29	10.31	10.98
9		25 years	9.94	9.95	10.49
10	Irredeemables†		9.93	9.93	10.12
	Index-Linked				
11	Inflation rate 5%	5yrs	3.62	3.58	4.67
12	Inflation rate 5%	Over 5 yrs	4.25	4.20	3.76
13	Inflation rate 10%	5 yrs	3.67	3.63	3.35
14	Inflation rate 10%	Over 5 yrs	4.26	4.21	3.60
15	Debs &	5 years	11.64	11.65	11.56
16	Loans	15 years	11.48	11.48	11.52
17		25 years	11.31	11.30	11.48
18	Preference†		10.92	10.97	11.35

‡Opening index 2347.1; 10 am 2358.1; 11 am 2350.7; Noon 2354.1; 1 pm 2352.9; 2 pm 2353.1; 3 pm 2358.8; 3.30 pm 2350.7; 4 pm 2357.4

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
● Corrected Indices: Group 71=1207.31 and Group 99=1220.66 (2/10/87). Group 71=1207.90 (5/10/87).

LONDON TRADED OPTIONS

Option		Calls Oct.	Calls Jan.	Calls Apr.	Puts Oct.	Puts Jan.	Puts Apr.
Allied Lyons (*442)	390	47	55	67	2	6	12
	420	22	35	50	4	16	25
	460	3	17	30	30	38	45
Brit. Airways (*217)	200	26	35	45	1	7	12
	220	11	23	32	5	17	20
	240	1½	13	20	18	24	32
[illegible]							

Option		Calls Nov.	Calls Feb.	Calls May	Puts Nov.	Puts Feb.	Puts May
LASMO (*379)	330	42	60	71	7	14	23
	360	21	41	55	15	25	34
	390	11	28	40	35	44	51
Plessey (*215)	200	22	31	39	4	9	14
	220	11	20	29	13	20	24
	240	4	12	—	27	32	—
[illegible]							

October 7. Total Contracts 52,710. Calls 31,931. Puts 20,779. FT-SE Index Calls 2,078. Puts 3,960 *Underlying security price.

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

AUSTRIA

October 7	Price Sch%	+ or −
Creditanstalt	2280.00	+35
Goesser	3450.00	+5
Interunfall	12,960	+10
Jungbunzlauer	8910	.....
Laenderbank	2020.00	.....
Perlmooser	720.00	−15
Steyr-Daimler	124.00	.....
Veitscher Mag	874.00	−9

BELGIUM/LUXEMBOURG

October 7	Price Frs.	+ or −
B.B.L.	3110	.....
Banque Gen. Du L.	14550	+50
Bank Int. A	14200	.....
Bekaert B	10925	−50
Ciment CBR	6650	−50
Cockerill	160	−4
Colruyt	9700	−900
Delhaize	4850	−200
EBES	4640	+10
Fabrique Nat	1330	−10
GB Inno BM	1280	−4
GBL (Brux) L	3540	−460
[illegible]	[illegible]	[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

CANADA

TORONTO

Closing prices October 7

[illegible]

MONTREAL

Closing prices October 7

[illegible]

F–No voting rights or restricted voting rights

Total Sales 6,715,329 shares

NEW YORK–DOW JONES

[illegible]

STANDARD AND POORS

[illegible]

N.Y.S.E. ALL COMMON

[illegible]

RISES AND FALLS

[illegible]

TORONTO

[illegible]

MONTREAL Portfolio

[illegible]

NYSE-Consolidated 1500 Actives

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nat Semi	1,629,500	28⅛	− ⅛	Ford Motor Co	1,248,700	94⅞	− 2⅞
AT & T	1,515,900	32¾	unch	Exxon	1,218,800	47	− 1

Indices

[illegible]

Base values of all indices are 100 except Brussels SE–1,000 JSE Gold–255.7 JSE Industrials–264.3 and Australia, All Ordinary and Metals–500; NYSE All Common–50; Standard and Poor's–10; and Toronto Composite and Metals–1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ 400 Industrials plus 40 Utilities, 40 Financials and 20 transports. (c) Closed. (u) Unavailable.

LONDON – Most Active Stocks
Wednesday, October 7, 1987

	Stocks Traded	Closing Price	Change on Day		Stocks Traded	Closing Price	Change on Day
Fisons	20.6m	379	+16	Cad. Schwps	6.2m	284	+ 1
STC	15.8m	318½	+ 9	Pilkington Bros.	6.1m	314	+ 3
Brit Airways	13.8m	225	+ 9	Brit Oil	6.0m	326	− 5
Dee Corp.	11.9m	219	+12	Burton	5.8m	303	+ 3
Ultramar	9.8m	302	+ 7	BAA	5.5m	147½	+ 4½

TOKYO – Most Active Stocks
Wednesday, October 7, 1987

	Stocks Traded	Closing Prices	Change on Day		Stocks Traded	Closing Prices	Change on Day
Nippon Steel	64.82m	425	− 4	Ishi Sangyo Kaisha	25.43m	887	+ 38
Hitachi Ltd	47.41m	1,950	− 30	Mitsubishi Heavy Ind.	23.88m	685	− 15
Toshiba	47.02m	808	− 12	Fujitsu	18.47m	1,540	− 50
Sumitomo Heavy Ind.	37.69m	446	+ 8	Mitsubishi Elec	15.49m	668	− 13
NEC	28.04m	2,580	− 40	Toray	15.19m	886	− 32

LONDON Chief price changes
(in pence unless otherwise indicated)

RISES:

Aberd. Const	353	+13
Blenheim Exhibs	860	+30
Crystalate	263	+10
Debfor	448	+16
Dee Corp	219	+12
Dickie (J.)	185	+20
Ferranti	146½	+ 6½
Finlay (J.)	128	+13
Fisons	379	+16
Grand Met.	581	+13½
Higgs & Hill	430	+27
Llyds Chems	225	+10
Maunders (J.)	339	+ 9
Royal Ins.	588	+13
TACE	450	+10
Tech. Comp. Inds.	570	+92
Thames TV	493	+13

FALLS:

Equity & Law	444	− 10
Johnst. Gr	540	−105

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 43

[illegible]

Closing prices, October 7

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

B B B

C C C

D D D

E E E

F F F

G G G

H H H

J J J

K K K

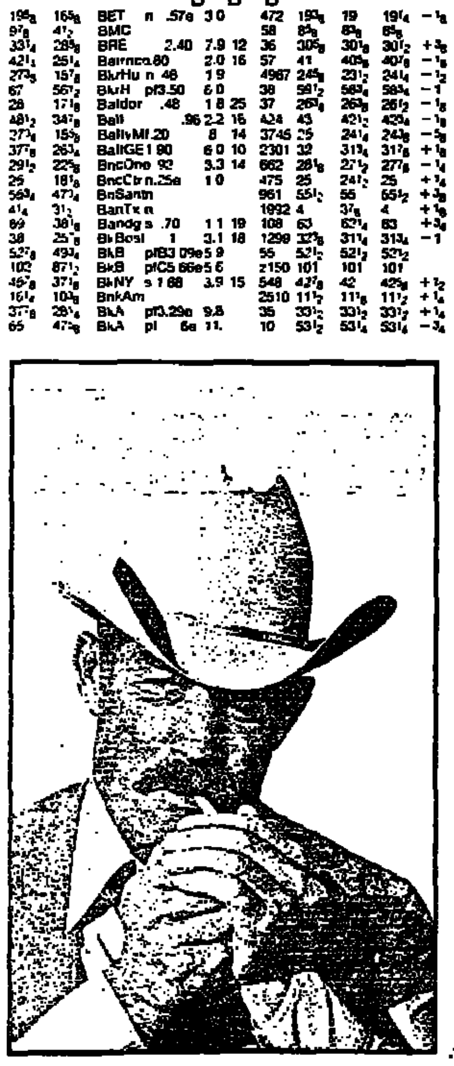
L L L

M M M

N N N

O O O

P Q



Continued on Page 43

NYSE COMPOSITE CLOSING PRICES

Continued from Page 42

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
20¾	13⅝	PacSci	.40	2.3	32	97	18¼	17½	17½	−1
33¾	22½	PacTels	1.64	5.1	13	8298	32⅝	31½	32¼	+1
39	31⅞	PacEnt	2.52	7.1	10	902	35¼	34¾	35¼	+¼
26⅞	11¼	PacoPh			11	86	12⅛	12	12	
38⅛	27¼	PainWb	.52	1.6	11	567	33⅛	32⅝	32⅝	−½
26½	21½	PainW pf	1.37	5.8		6	23⅝	23⅝	23⅝	
6⅝	4	PanAm				9701	4⅝	4½	4⅝	
2¼	1	PanA wt				321	1¾	1⅝	1⅝	+⅛
34¾	24⅝	PanECn	2	7.3		984	27⅝	26⅞	27¼	−⅜
21⅜	10½	PanEl			14	165	13⅞	13¾	13¾	
27¾	12¼	Panephs	.12	.5	27	900	26½	25¼	25¼	−1
27¼	9⅛	ParPh s			27	166	23⅛	22½	22⅞	
8¾	3⅝	Pardyn				984	6⅛	5¾	6	−⅛
24½	15⅛	ParkEl	.16	.8	17	15	20¾	20⅝	20⅝	−¾
8⅞	2⅞	ParkDrl	.01j	.2		892	6⅜	6¼	6¼	−⅛
49	23¼	ParkHn	.80	1.7	25	2361	46⅝	45⅛	46¾	+1¼
5⅛	2⅞	PatPtr			85	67	4⅜	4¼	4¼	
18⅝	8¾	Patten	.02l	.2	11	244	9¾	9¼	9¼	−½
21½	10⅛	PayNP	.30j		26	25	20⅝	20⅛	20⅛	
20⅞	15⅞	PayCsh	.16	.9	15	807	18⅛	17¾	17⅞	
60½	46⅝	PenCen	.05	.1		692	54⅝	53¾	54	−½
66	36⅝	Penneys	1.48	2.5	16	4892	58⅞	58	58½	+⅛
41⅜	33½	PaPL	2.68	7.5	11	611	36⅛	35⅞	35⅞	−⅛
104	81	PaPL pf	8.60	10.		z170	83¼	83¼	83¼	+1¼

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
31	26	WisG pf	2.55	9.6		2	26⅝	26⅝	26⅝	
55	42½	WiscPL	3.12	6.7	11	181	46¾	46⅜	46¾	−⅛
27⅝	21⅛	WisPS	s1.54	7.0	11	139	22¼	22	22⅛	
47⅜	31½	Witco	1.12	2.7	14	78	41⅝	40⅞	41⅝	+½
14	8¾	WolvrW			44	82	12¾	12⅜	12⅜	−½
58⅝	37	Wlwth	s1.32	2.8	14	3341	47⅝	46⅞	47½	
167½	108	Wolw pf	2.20	1.6		4	137	134	134	−7
9⅝	3⅝	WrldCp				35	9¼	9⅛	9⅛	−⅛
19¾	14⅝	WrldVl				41	18⅞	18⅝	18⅞	+⅜
64¼	42½	Wrigly	s1.04	1.8	20	201	60½	59	59	−½
3⅞	1⅝	Wurlitzr				7	2¼	2¼	2¼	
21⅞	11⅛	WyleLb	.32	1.5	35	179	21	20⅝	20⅝	−⅜
30⅝	16	Wynns	.60	2.1	23	74	28¾	28½	28⅝	+⅛
		X Y Z								
85	51½	Xerox	3	4.0	17	4349	76½	75	75¼	−⅞
58¼	53⅜	Xerox pf	5.45	10.		10	54⅛	54	54	−⅛
31½	21⅞	XTRA	.64	2.1	24	627	30¼	29⅝	29⅞	+⅜
27⅞	25⅝	XTRA pf	1.94	6.9		40	u28¼	28¼	28¼	+½
33⅞	16⅛	YorkIn			16	510	32⅝	32¼	32⅝	−⅛
7¼	2¼	Zapata				726	5	4⅝	4⅝	−¼
37	20¾	Zayre	.40	1.2	12	6829	34¼	33	33½	−¼
16⅞	10½	Zemex	.40	2.6	10	28	15⅝	15⅛	15⅛	−¾
33⅝	16⅞	ZenithE			103	1200	26½	25⅝	25¾	−½
13½	6¼	ZenLab				1507	7	6⅝	6¾	−¼
26½	18¾	ZenNtl	.80	3.7	13	24	22	21⅜	21⅜	−⅛
30⅝	12⅜	Zero	.36	1.9	19	198	19⅛	18⅝	18⅝	−⅜
30¾	17¾	Zurnin	s .68	2.5	18	334	26¾	25½	26¾	+¼
10⅝	8¾	Zweig	.65e	6.3		969	10¼	10⅛	10¼	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in-full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Closing prices, October 7

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

OVER-THE-COUNTER

Nasdaq national market, closing prices

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

Continued on Page 41

FINANCIAL TIMES

WORLD STOCK MARKETS

AMERICA

Bonds help Dow limit losses in tense trade

WALL STREET

WITH the help of firmer bond markets, Wall Street stocks held their ground yesterday in heavy trading in the tense aftermath of the record plunge in prices on Tuesday afternoon, *writes Roderick Oram in New York.*

Debt and equity markets took in their stride banks' half-a-point rise in the US prime rate to 9¼ per cent. The increase was seen as confirmation of the trend to higher interest rates which would probably hasten an increase in the Federal Reserve Board's discount rate.

The Dow Jones Industrial Average closed up 2.44 points at 2,551.08. At its worst, it was off more than 30 points but pulled back in the last hour of trading.

Broader market indices, which had weathered the big fall better than the Dow, edged slightly lower yesterday. The Standard & Poor's 500 slipped 0.70 to 318.52 and the New York Stock Exchange composite index edged down 0.43 to 178.55.

Among the blue chips IBM rose $1⅞ to $152⅞, AT&T added $⅜ to $33⅞, American Express edged up $¼ to $35⅞, Exxon lost $½ to $47⅞, Chevron fell $⅝ to $52⅞, United Technologies was off $⅞ to $55⅛ and Sears, Roebuck gave up $½ to $49⅝.

Traders were hit by a huge volume of orders at the opening and prices swung widely, mostly below the previous closing levels, through the day. Institutional investors were largely absent while they assess the damage from Tuesday's 91-point plunge in the Dow industrials. Much of yesterday's trading came from shorterm players, dealers said.

The trend was still bearish, though, with the declining stocks outweighing those advancing by a ratio of two to one. Trading slackened after the hectic opening leaving total volume for the New York Stock Exchange session of 186m shares.

The ability of stocks to avoid further losses encouraged analysts who saw Tuesday's collapse as a correction rather than the end of the five-year bull market.

Following the prime-rate increase, banks, insurance companies and other interest-rate-sensitive stocks were mixed. Citicorp fell $⅝ to $57⅞, Chase slipped $⅝ to $38⅞, J.P. Morgan was unchanged at $47⅛, CIGNA edged down $⅜ to $66⅞ and Aetna was unchanged at $61.

BankAmerica, up $¼ at $11½, said it was raising $425m in new capital from investors including some Japanese institutions.

General Motors was off $1¾ to $78¼, Ford Motor fell $1½ to $95⅞ and Chrysler lost $⅝ to $39⅞. Kidder Peabody's analyst lowered his 1988 earnings forecasts for all three because he expects car sales to suffer next year from higher interest rates and inflation. He dropped his GM buy recommendation, downgraded his Ford ranking and left Chrysler unchanged.

Among the first of the quarterly profit results, GE rose $1⅞ to $61⅞, Mead fell $⅝ to $45⅞ and Colt Industries dipped $⅛ to $14⅞, all on reports of higher earnings.

Home Shopping Network, off $⅝ to $12, reported fourth-quarter net income of 4 cents a share against 7 cents a year earlier, improving on its worst case forecast of break-even. The pioneer of shopping from home via television is being subjected to the most intense short selling pressure seen on Wall Street in a decade because of its poor performance this year.

Credit markets showed reasonable strength after the increase in prime rate. Short to medium-term government securities benefited from some inflow of funds from investors who had sold stocks during the steep fall in equities.

The price of the benchmark 8.75 per cent Treasury long bond dipped a bit lower at the opening in New York on the dollar's weakness, but recovered to a gain by early afternoon of half a point. By the close it was off ¼ of a point at to 91⅛ yielding 9.79 per cent.

Although the Treasury's sale of $7.25bn of four-year notes had gone reasonably well on Tuesday with some signs of retail investor demand, dealers were still being cautious ahead of yesterday's sale of $7.25bn of seven-year notes. Subscriptions turned out to be disappointingly light, particularly outside New York. The average yield at the auction was 9.51 per cent.

CANADA

CHEAPER OIL, mining and industrial stocks depressed Toronto share prices despite a strong performance by golds.

Energies were led lower by Texaco Canada's C$⅞ fall to C$34⅞, while Imperial Oil class A dipped C$1 to C$75⅞ and Shell Canada C$⅝ to C$46⅛.

Noranda was off C$¼ at C$34⅞ and Falconbridge C$¼ down at C$29⅞. Alcan said it will drop some activities at its Indiana plant and fell C$⅛ to C$47.

Montreal and Vancouver both fell.

SOUTH AFRICA

A RESURGENCE of buying as the bullion price steadied at higher levels lifted Johannesburg gold shares.

Vaal Reefs made further strong progress with an R8 rise to R450. Western Deep climbed R5 to R215 and, among cheaper issues, Leslie was 20 cents up at R8.85. Diamond stock De Beers made up another R2.50 to R57.50.

Platinums also advanced, with Rustenburg adding 25 cents to R80. Barlow Rand edged 75 cents higher to R28.50 in firm industrials.

Madrid gains a head for heights

THE MADRID bolsa crashed through a psychological barrier in August when most people were on the beach, and it is continuing to accelerate at a time when people are leaving for their offices with a raincoat. A wet autumn has not dampened the festive mood that set in with summer.

Curiously, last year's pattern is being played out again, but this time, thanks to acquired knowledge and experience, the curves are being drawn with a defter and surer touch.

When in August 1986 the bolsa index surpassed 200, having started the year at a base of 100, the market spent the rest of the year holding onto its laurels tightly and gasping for breath. On January 1 the bolsa started off, under new rulings, with its existing December 31 index of 208.3 and in August this year the index crashed past 300.

Unlike last year, the 1987 pattern shows the bolsa well tuned to dizzying heights. A bout of profit-taking yesterday brought the general index down 4.25 points to 324.11. Tuesday's 328.36 had been a record high, but few think that it will stand so for the rest of the year.

The question is how high it will rise. There are those who talk of speeding on towards 400, the next psychological mark. Others, of course, talk more cautiously about a slight weakening.

Optimists and pessimists alike agree that the real lesson to be learnt is that the Madrid market has taken on an entirely new dimension.

Among other things, the terms of reference in a key area have changed. There are now some 5m investors, individual and corporate, estimated to be trading compared with just 1.5m three years ago. Before the summer surge, daily turnover was in the Pta 12 to 15bn band. Currently it is in excess of Pta 20bn.

When the pessimists speak of a slight weakening they are talking about the success of the bolsa and not its in-built faults. They are, in the end, discussing the new confidence which pervades Spanish business.

If there is to be a weakening it will be because a bevy of recent over-par rights issues, such as Telefonica's Pta 66bn issue at 1-for-10 and 180 over par, or Banco de Santander's Pta 33bn capital increase bid at 1-for-10 and 700 over par, making a heavy call on investor funds.

Veteran bolsa watchers have been pleasantly surprised. During past bull markets companies simply did not have the courage to raise capital over par. Now, finally, the market is acting as it is supposed to and the next week will tell how many are willing to buy above a certain level.

The fundamentals are, right now, too good for any serious mishaps. Doing the rounds of the Madrid brokers it is hard to see sells.

The public imagination has been siezed by the inroads that the Kuwait Investment Office has been making on Explosivos Rio Tinto. In this case a hostile bid is very much in the making and the bolsa, unaccustomed to such developments, is foelled with excitement. Again, the market is playing out its real role.

Interest is just as high with the friendly bids that are unfolding in, for example, the banking sector as the well established Carlos March interests buy into Hispano Americano and as newcomers Juan Abello and Mario Conde, both extremely wealthy after selling Antobioticos to Montedison earlier in the year, approach Banco Espanol de Credito.

Falling inflation, a five per cent GDP help in the background, as do record reserves and a strong currency, an increasingly clear consumer market and a healthy trend of sustained corporate profitability form the macro framework. The latest good feeling is generated by the hint that wage moderation is on line.

Tom Burns

Helsinki peaks amid dearth of shares

HELSINKI'S surging share prices yesterday continued to defy the frequent predictions of an imminent sharp downturn and logged yet another all-time high, with the Unitas all-share index climbing 3.3 to 645.2.

Measured by the Unitas index, Finnish share prices have risen 53.8 per cent since the beginning of the year – a greater rise than in neighbouring Stockholm, which is also at record levels. Last year prices rose 62 per cent over the year. Furthermore, turnover is expected to top FM22bn ($4.9bn) this year, compared with FM9bn in 1986.

A simple reason for this steep rise is a shortage of shares. New entrants to the market have been few and far between.

The scrip shortage has been worsened by the recent rush of companies to issue bonds with warrants, which has practically killed off new share issues.

Analysts estimate, however, that prices have now reached a "mature" level. The average Helsinki price/earnings ratio is 15, slightly higher than the average in Sweden.

With Finland's GDP expected to grow by more than 3 per cent this year and corporate profits predicted to rise by an average 30 per cent, the high share prices are underpinned by strong economic fundamentals. However, there are signs that demand for shares may slacken.

To begin with, Finland's first unit trust began operations in September and they have already filled their portfolios.

Moreover, the rush to set up private investment companies is likely to subside if prices continue to rise. Individual investors have set up hundreds of such companies, largely for tax purposes. These companies are often founded on borrowed capital, with banks accepting up to 80 per cent of the value of the securities as collateral.

Olli Virtanen

EUROPE

Transatlantic fall hits major bourses

WALL STREET'S record one-day fall on Tuesday ricocheted around Europe yesterday, sending major bourses lower. Concern over the dollar and rising interest rates took a back seat as the markets looked to New York.

Frankfurt slid lower in reaction to Tuesday's sharp fall in New York. Limited bargain-hunting pulled prices off their worst levels although interest-rate worries resurfaced to dampen the recovery. The Commerzbank index dropped 25.8 to 1,972.6.

Cars, financials and electricals were broadly lower while chemicals and machinery stocks posted more narrow losses.

The initial public offering of 120,000 preference shares of Biotest at DM310 was heavily oversubscribed after applications began on Tuesday. The shares were quoted at DM350 in grey-market trading and will be officially listed on October 14.

Public authority bonds were lower as interest-rate fears grew. The Bundesbank bought DM44.3m of paper after buying DM108.1m on Tuesday.

Zurich eased in tandem with the lower trend after Wall Street's fall and in reaction to the weaker dollar. Profit-taking also continued to erode recent gains. The Crédit Suisse index fell 4.3 to 640.0.

Major banks were lower with UBS down SFr65 at SFr5,125 and Crédit Suisse SFr25 lower at SFr3,550.

Engineerings and chemicals were mixed with an easier bias.

Amsterdam was also pulled down by the lower dollar and Wall Street's fall but losses were limited by bargain-hunting due to the already cheap prices of Dutch stocks. The ANP-CBS index lost 4.3 to 307.7 in quiet trade.

Royal Dutch shed Fl 5.50 to Fl 263, Akzo lost Fl 1.50 to Fl 174 and Unilever slipped 70 cents to Fl 136.80.

LONDON

UK SECURITIES markets showed determined resistance to the fall on Wall Street with equities closing well above the day's lows. After a nervous opening and attempts at a rally, the FT-SE 100 ended with a net fall of only 8.1 to 2,359.8 and the FT Ordinary Index ended 4.8 lower at 1,853.

Gilts were ¼ off in early trading but traders were undismayed by the pressures towards higher interest rates in New York and Tokyo. **Details, Page 40**

Paris was taken down by interest concerns and the lower dollar. The CAC index shed 5.7 to 405.2 in moderate trading.

Banks and financials were notably weaker, led lower by UFB which dropped FFr34 to an annual low of FFr435. La Henin tumbled FFr38 to a new low of FFr665.

Blue chips finished with narrower losses.

Brussels continued to move lower as the drop on Wall Street added to the cloud of political worries hanging over the market. The Brussels stock index lost 43.09 to 5,083.63 in thin trading as most investors stayed on the sidelines.

The largest losses were in holdings and industrials.

Stockholm managed to rise its sixth consecutive record despite a lower opening following Wall Street's record fall.

The Veckans Affarer all-share index inched up 0.6 to a high of 1,229.

Milan edged higher in moderately active trading, shrugging off indications of renewed political instability. The MIB index added 3 to 908 as most sectors firmed.

Oslo fell as an already nervous market reacted to the plunge on Wall Street.

ASIA

Early sell-off tempered by close

TOKYO

THE RECORD one-day plunge on Wall Street triggered selling of high-technology stocks and large-capital issues in Tokyo yesterday, *writes Shigeo Nishiwaki of Jiji Press.*

The steep decline in New York sparked widespread selling by individual investors and dealers at the outset of the session. However, dealers began a tempered buy-back later in the day after judging that the fall was temporary. The mood remained cautious and pushed down high-tech stocks.

Machine tools, however, continued to advance on a broad front, along with car stocks.

The Nikkei average nose-dived 319 in the morning. After recouping much of the loss in the afternoon, the market indicator closed 136.70 down at 25,952.27. Turnover totalled 1,100.94m shares against Tuesday's 1,142.18m

Among high-tech issues, Hitachi lost Y30 to Y1,550 as 47.41m shares changed hands. NEC finished Y40 lower at Y2,580. Sony was down Y100 at Y5,600 and Matsushita Electric Industrial shed Y60 to Y2,800.

Investors also sold large-capital steels and shipbuildings. Nippon Steel, the most active stock with 64.82m shares traded, shed Y4 to Y425. Kawasaki Steel was down Y9 at Y319, while Mitsubishi Heavy Industries and Ishikawajima-Harima Heavy Industries fell Y15 each to Y665 and Y645, respectively.

Utilities also lost ground with Tokyo Electric Power dropping Y50 to Y6,200 and Tokyo Gas losing Y21 to Y999.

Chemicals also suffered in the sell-off.

Bond yields fluctuated around 6 per cent. Investors stepped up buying as bond yields started at Tuesday's closing levels, despite the Wall Street plunge. The Bank of Japan's bond buying operation further encouraged investors, sharply lowering yields.

The yield on the 5.1 per cent government bond due in June 1996 finished at 6.020 per cent, compared with 6.250 per cent on Tuesday in block trading on the Tokyo Stock Exchange. In inter-dealer trading later, the yield fell further to 5.960 per cent, but turned up to 6.090 per cent on reports that the central bank would allow rising market interest rates to take their own course.

HONG KONG

BARGAIN HUNTING after Tuesday's broad sell-off lifted share prices following an early fall on the heels of Wall Street. The Hang Seng index gained 29.69 to 3,936.13 after an early low of 3,846.

Volume was lower prior to a local holiday today.

Properties were actively traded with Hong Kong Land gaining 10 cents to HK$9.45.

AUSTRALIA

A LATE rally failed to prevent Sydney share prices sinking to their lowest level in four weeks after heavy selling greeted Wall Street's sharp overnight fall and a drop in New York oil futures prices. The All Ordinaries index fell 32.7 to 2,214.3.

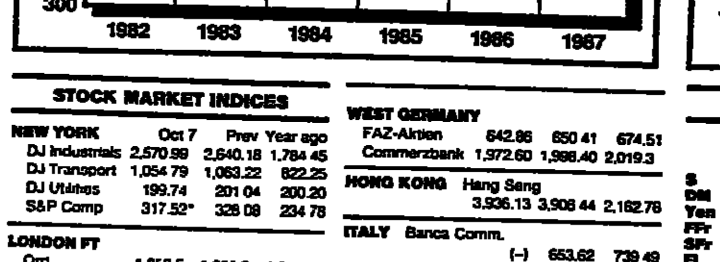
BHP's 25 cent fall to A$10.35 was among the steepest in weak resources.

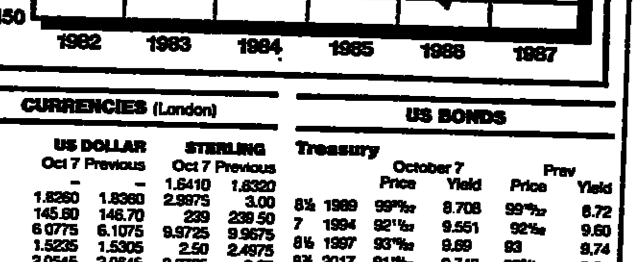
SINGAPORE

PROFIT-TAKING stalled Singapore's modest recovery, leaving share prices slightly weaker on the day. The Straits Times industrial index closed 1.70 lower at 1,449.05.

Isetan fell 25 cents to S$8.70

KEY MARKET MONITORS





STOCK MARKET INDICES

	Oct 7	Prev	Year ago
NEW YORK			
DJ Industrials	2,570.98	2,640.18	1,784.45
DJ Transport	1,054.79	1,063.22	822.25
DJ Utilities	199.74	201.04	200.20
S&P Comp	317.52*	328.08	234.78
LONDON FT			
Ord	1,853.5	1,858.3	1,248.1
SE 100	2,359.8	2,367.9	1,592.3
A All-share	1,210.10	1,213.82	782.10
A 500	1,323.57	1,328.47	858.37
Gold mines	450.4	444.6	333.5
A Long gilt	9.94	9.95	10.37
World Act. Ind (Oct 6)	136.28	137.18	96.35
TOKYO			
Nikkei	25,952.27	26,088.97	17,604.4
Tokyo SE	2,121.29	2,131.61	1,469.34
AUSTRALIA			
All Ord.	2,217.3	2,247.0	1,329.4
Metals & Mins.	1,358.2	1,377.4	716.0
AUSTRIA			
Credit Aktien	229.56	227.72	239.69
BELGIAN SE			
SE	5,083.60	5,126.70	3,872.0
CANADA			
Toronto			
Met & Mins	3,407.8	3,507.5	2,175.0
Composite	3,838.4	3,918.10	3,016.3
Montreal			
Portfolio	1,896.13	1,939.30	1,517.82
DENMARK SE			
SE	—	209.59	191.68
FRANCE			
CAC Gen	405.20	410.90	387.2
Ind. Tendance	105.70	106.80	94.25
WEST GERMANY			
FAZ-Aktien	642.86	650.41	674.51
Commerzbank	1,972.60	1,998.40	2,019.3
HONG KONG Hang Seng	3,936.13	3,906.44	2,162.78
ITALY Banca Comm.	(–)	653.62	739.49
NETHERLANDS ANP CBS			
Gen	307.70	312.00	280.2
Ind	257.50	261.40	260.0
NORWAY Oslo SE	571.70	581.99	370.18
SINGAPORE Straits Times	1,449.00	1,450.70	821.78
SOUTH AFRICA JSE			
Golds	–	2,280.0	2,020.0
Industrials	–	2,234.0	–
SPAIN Madrid SE	324.11	n/a	200.38
SWEDEN J & P	(–)	3,253.50	2,416.95
SWITZERLAND Swiss Bank Ind	(–)	727.10	557.1

COMMODITIES (London)

	Oct 7	Prev
Silver (spot fixing)	466.95p	466.35p
Copper (cash)	£1,169.50	£1,154.00
Coffee (Jan)	£1,395.00	£1,422.00
Oil (Brent Blend)	$18.80	$18.80

GOLD ($/oz)

	Oct 7	Prev
London	$457.50	$457.75
Zurich	$458.35	$458.55
Paris (fixing)	$459.27	$459.53
Luxembourg	$458.75	$457.25
New York (Dec)	$463.40	$462.70

CURRENCIES (London)

	US DOLLAR Oct 7	US DOLLAR Previous	STERLING Oct 7	STERLING Previous
$	–	–	1.6410	1.6320
DM	1.8260	1.8360	2.9975	3.00
Yen	145.60	146.70	239	239.50
FFr	6.0775	6.1075	9.9725	9.9675
SFr	1.5235	1.5305	2.50	2.4975
Fl	2.0545	2.0645	3.3725	3.37
Lira	1,317.5	1,324	2,162	2,161
BFr	37.95	38.10	62.25	62.20
C$	1.3050	1.3050	2.1430	2.1305

INTEREST RATES

	Oct 7	Prev
Euro-currencies (3-month offered rate)		
£	10⁵⁄₁₆	10⅜
SFr	4¼	4½
DM	4⅝	4½
FFr	8⁹⁄₁₆	8⁵⁄₁₆
FT London Interbank fixing (offered rate)		
3-month US$	8⁹⁄₁₆	8⅝
6-month US$	8⅞	8¹³⁄₁₆
US Fed Funds	7⅛*	7⁹⁄₁₆
US3-month CDs	8.10*	8.225
US3-month T-bills	6.39*	6.76

FINANCIAL FUTURES

Oct 7	Latest	High	Low	Prev
CHICAGO				
US Treasury Bonds (CBT) 8% 32nds of 100%				
Dec	82-08	82-18	81-12	81-19
US Treasury Bills (IMM) $1m points of 100%				
Dec	92.65	92.65	92.53	92.60
Certificates of Deposit (IMM) $1m points of 100%				
Dec	—	—	—	—
LONDON				
Three-month Eurodollar $1m points of 100%				
Dec	91.27	91.30	91.15	91.25
20-year Notional Gilt £50,000 32nds of 100%				
Dec	114-20	114-22	114-01	114-12

US BONDS

Treasury

	October 7 Price	October 7 Yield	Prev Price	Prev Yield
8¼ 1989	99²⁹⁄₃₂	8.708	99²⁹⁄₃₂	8.72
7 1994	92¹¹⁄₃₂	9.551	92⁵⁄₁₆	9.60
8½ 1997	93¹⁹⁄₃₂	9.69	93	9.74
8⅞ 2017	91¹⁹⁄₃₂	9.746	90²⁹⁄₃₂	9.84

Source: Harris Trust Savings Bank

Treasury Index

Maturity (years)	October 7 Return index	Day's change	Yield	Day's change
1–30	163.17	+0.23	6.93	–0.03
1–10	154.63	+0.12	6.66	–0.03
1– 3	144.03	+0.07	6.37	–0.03
3– 5	157.57	+0.17	6.71	–0.03
15–30	193.56	+0.59	7.78	–0.03

Source: Merrill Lynch

Corporate

	October 7 Price	October 7 Yield	Prev Price	Prev Yield
AT&T 3⅞ July 1990	91.75	7.27	90.75	7.71
SCBT South Central 10⅞ Jan 1993	101.25	10.56	101.25	10.56
Phibro Sal 8 April 1996	86.06	10.52	85.625	10.60
TRW 8⅞ March 1996	91.31	10.32	90.64	10.45
Arco 9⅞ March 2016	93.0	10.65	92.25	10.75
General Motors 8⅞ April 2016	77.16	10.70	76.50	10.80
Citicorp 9⅞ March 2016	84.42	11.20	84.42	11.20

Source: Salomon Brothers

* Latest available figures